

AMENDMENT NO. 1
TO
THIRD AMENDED AND RESTATED PURCHASE AGREEMENT

THIS AMENDMENT No. 1 ("this Amendment") is made as of the 22nd day of March 2006, by and between AEP CREDIT, INC., a Delaware corporation ("Credit") and SOUTHWESTERN ELECTRIC POWER COMPANY, a Delaware corporation ("Seller").

WITNESSETH:

WHEREAS, Credit and Seller are parties to the Third Amended and Restated Purchase Agreement dated as of August 25, 2004 (as amended, modified or supplemented from time to time, "the Purchase Agreement");

WHEREAS, pursuant to Section 9.1.1 of the Purchase Agreement, Credit and Seller desire to amend the Purchase Agreement upon the terms set forth below;

WHEREAS, Credit and Seller confirm that they will continue to sell and purchase Receivables on a daily basis; and

WHEREAS, Credit and Seller desire to amend the Purchase Agreement to provide for the reconciliation of the purchase price paid by Credit with respect to the purchase and sale of Receivables daily or at some other period no less frequently than weekly as mutually agreed upon by Credit and Seller in accordance with authority granted in an order of the Securities and Exchange Commission dated September 27, 2005; and

WHEREAS, Seller desires to amend and restate Section 3.1.19 of the Purchase Agreement to state that true sale opinion is being rendered by Torys, LLP;

NOW therefore, the parties agree as follows:

1. Section 2.2 of the Purchase Agreement is hereby amended and restated in its entirety as follows:
 - 2.2 Purchase Procedure. Any sale and purchase of Receivables pursuant to this Agreement will require the delivery to and acceptance by Credit by 9:00 a.m., CST, on the particular Purchase Date, at Credit's principal office set forth in Section 9.2 hereof, of a Sale and Assignment executed by one of the individuals duly authorized by Seller pursuant to the authorization set forth in Exhibit E hereto, as such authorization may be amended from time to time by written notice to Credit. Such Sale and Assignment may be delivered by Seller to Credit by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute the duly executed Sale and Assignment of Seller for all purposes. Credit shall deliver to Seller at Seller's principal office set forth in Section 9.2 hereof a copy of each Sale and Assignment accepted by Credit, executed by one of the individuals duly authorized by Credit, promptly following the acceptance thereof by Credit. Such Sale and

Assignment may be delivered by Credit to Seller by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute due notification of Credit's acceptance for all purposes. Upon acceptance by Credit of the Sale and Assignment, on such Purchase Date, Credit shall allow Seller to retain from Collections received in the Depository Accounts, or shall otherwise transfer to Seller in immediately available funds, the amount of the Purchase Price with respect to the Receivables sold pursuant to such Sale and Assignment. Any Collections retained by Seller in excess of such Purchase Price, until remitted to Credit or used by Credit to purchase new Receivables from Seller, shall be held in trust for Credit by Seller. The amount of any Purchase Price not paid in full on the Purchase Date for any Receivables shall be paid by Credit no later than the next succeeding Reconciliation Date (as defined below).

Although the Purchase Price for each Receivable sold hereunder shall be due and payable in full by Credit to Seller on the date such Receivable is purchased, a precise reconciliation of the Purchase Price between Credit and Seller shall be effected no less frequently than weekly on each Business Day selected by Credit (each such date, a "Reconciliation Date") with respect to all receivables sold since the last Reconciliation Date. On each Reconciliation Date, Seller shall determine the net amount due to or from Credit with respect to all Receivables sold since the last Reconciliation Date and either Credit or Seller, as applicable, shall wire transfer such amount in immediately available funds to the account specified by Seller, in the case of amounts owed to Seller, or to the Concentration Account, in the case of amounts owed to Credit, in the manner contemplated by Section 2.7 thereof.

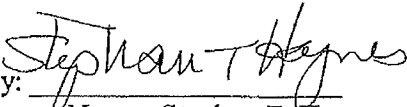
2. Section 3.1.19 of the Purchase Agreement is hereby amended and restated in its entirety, as follows:

3.1.19 True Sale. Seller shall take such actions as are necessary on its part to ensure that the facts and assumptions set forth in each opinion issued by Torys, LLP, as counsel for Seller, relating to true sale issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.


3. This Amendment No. 1 shall be effective as of March 22, 2006.
4. Conditions to effectiveness: Pursuant to the Purchase Agreement, the consent of the Majority Purchasers shall have been obtained.
5. The Purchase Agreement (except as specifically amended herein) shall remain in full force and effect and said Purchase Agreement is hereby ratified and confirmed in all respects by each of the parties hereto.
6. **CONTROLLING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be executed as of the date first written above.

AEP CREDIT, INC.

By: 
Name: Stephan T. Haynes
Title: Assistant Treasurer

SOUTHWESTERN ELECTRIC POWER
COMPANY

By: 
Name: Stephen P. Smith
Title: Treasurer

THIRD AMENDED AND RESTATED PURCHASE AGREEMENT

THIRD AMENDED AND RESTATED PURCHASE AGREEMENT ("*Purchase Agreement*") made and entered into on this 25th day of August, 2004, between AEP Credit, Inc., a Delaware corporation ("*Credit*"), and Southwestern Electric Power Company, a Delaware corporation ("*Seller*").

WITNESSETH:

WHEREAS, American Electric Power Company, Inc. is Seller's parent corporation and the parent corporation, either directly or indirectly, of AEP Utilities, Inc. (formerly known as Central and South West Corporation) and of Credit;

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell and Credit desires to purchase, without recourse, certain accounts receivable arising from the sale and delivery of electricity, gas and other related services in the States of Arkansas, Louisiana and Texas in the Seller's ordinary course of business;

WHEREAS, Credit and Seller intend the arrangements created herein to constitute a true sale of Seller's accounts receivable to Credit and not a loan or other arrangement;

WHEREAS, Credit and Seller are parties to the Second Amended and Restated Purchase Agreement dated July 25, 2003 (the "*Existing Purchase Agreement*"); and

WHEREAS, Credit and Seller desire to amend and restate the Existing Purchase Agreement pursuant to this Agreement such that the Existing Purchase Agreement continues in full force and effect as amended hereby and all obligations of each of the parties under the Existing Purchase Agreement will remain outstanding and continue in full force and effect, unpaid, unimpaired and undischarged;

NOW, THEREFORE, the parties hereto agree as follows:

I. DEFINITIONS

1.1 Certain Defined Terms. For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

1.1.1 Administrative Agent. "Administrative Agent" means Bank One, NA (Main Office Chicago) in its capacity as administrative agent under the Receivables Purchase Agreement and any successor administrative agent thereunder.

Doc #253475.v1 Date: 08/24/2004 2:23 PM

1.1.2 Adverse Claim. "Adverse Claim" means a lien, security interest, charge, encumbrance or other adverse right or claim of any kind of any Person, but does not include any loss that is due solely to the financial inability or bad faith failure of any Customer to pay at maturity any amount due and payable in respect of a Receivable.

1.1.3 AEP Services Account. "AEP Services Account" means the account listed on Exhibit I-C to this Agreement in the name of American Electric Power Service Corporation or any other account established in accordance with Section 6.5 hereof.

1.1.4 AEP Services Account Agreement. "AEP Services Account Agreement" means the agreement substantially in the form of Exhibit J to this Agreement with such changes to such form as are reasonably acceptable to the Administrative Agent.

1.1.5 AEP Services Account Bank. "AEP Services Account Bank" means any institution at which the AEP Services Account is maintained.

1.1.6 AEP Utilities Account. "AEP Utilities Account" means account number 01891740044 in the name of AEP Utilities, Inc. at Huntington National Bank.

1.1.7 Agency Agreement. "Agency Agreement" means the Third Amended and Restated Agency Agreement of even date herewith, among Credit, Agent and the Administrative Agent, as the same may be amended from time to time.

1.1.8 Agent. "Agent" means (a) Seller or (b) any Person engaged by Credit to service, administer and collect the Receivables on behalf of Credit pursuant to the Agency Agreement.

1.1.9 Billed Receivable. "Billed Receivable" means an Outstanding Receivable for which, as of the time of determination, a Customer Bill has been rendered.

1.1.10 Budget Account Receivable. "Budget Account Receivable" means a contract right of Seller to receive payment for the sale and delivery of electricity, gas and other related services, regardless of the level of such services delivered, including rights of Seller pursuant to average monthly payment plans or other special payment arrangements which Seller may from time to time enter into with any Customer.

1.1.11 Business Day. "Business Day" means any day other than a Saturday, Sunday, Seller holiday, Credit holiday or public holiday or the equivalent for banks of the Federal Reserve System. Each party shall provide the other party, by December 1 of each year during the term of this Agreement, with a schedule of its holidays for the following calendar year.

1.1.12 Card Agreement. "Card Agreement" means the agreement between Seller and a Merchant Processor or Card Company whereby such Merchant Processor or Card Company agrees to purchase, pay or otherwise reimburse Seller for each Receivable for the payment of which Seller has accepted such Merchant Processor or Card Company's Credit/Charge Card.

1.1.13 Card Company. "Card Company" means any Person that is in the business of issuing nationally-recognized credit or charge cards to consumers, including, but not limited to, any issuer of a credit or charge card bearing the American Express, Discover Card, MasterCard, NOVUS or Visa logo, servicemark or trademark.

1.1.14 Collection Account. "Collection Account" is defined in the Receivables Purchase Agreement.

1.1.15 Collections. "Collections" means, with respect to any Receivable, all cash collections, negotiable instruments, other cash or non-cash proceeds or any other form of payment in respect of any such Receivable and shall include all proceeds of any Receivable within the meaning of Section 9-102(64) of the UCC. "Collections" shall also mean that portion of any security deposit applied in satisfaction of a Receivable. Each Credit Card Receivable, and all Collections in respect thereof, shall constitute Collections in respect of the Receivable for the payment of which the Seller accepted a Credit/Charge Card in the related Credit Card Transaction.

1.1.16 Concentration Account. "Concentration Account" is defined in the Receivables Purchase Agreement.

1.1.17 Conduit Purchaser. "Conduit Purchaser" is defined in the Receivables Purchase Agreement.

1.1.18 Committed Purchaser. "Committed Purchaser" is defined in the Receivables Purchase Agreement.

1.1.19 Credit/Charge Card. "Credit/Charge Card" means any valid and unexpired credit or charge card, plate or like device bearing a logo, servicemark or trademark for American Express, Discover Card, MasterCard, NOVUS or Visa and issued by a Card Company to an obligor on any Receivable of a Seller which card Seller has agreed to accept for the payment of such Receivable in accordance with a Card Agreement between Seller and such Card Company or a Merchant Processor Agreement between the Seller and a Merchant Processor.

1.1.20 Credit Card Receivable. "Credit Card Receivable" means a Receivable owing to Seller from a Card Company or a Merchant Processor, arising out of, or in connection with, a Credit Card Transaction.

1.1.21 Credit Card Transaction. "Credit Card Transaction" means, with respect to any Receivable, the acceptance by Agent of a Credit/Charge Card for the payment of such Receivable in accordance with the provisions of the applicable Card Agreement and/or Merchant Processor Agreement.

1.1.22 Credit and Collection Procedure. "Credit and Collection Procedure" means the credit and collection policies and practices to be followed by Agent in respect of Receivables, as set forth in Exhibit D to the Agency Agreement, with such changes to such credit and collection

policies and practices as are permitted under Section 4.12 hereof, or as may be required by applicable statutes, rules and regulations.

1.1.23 Customer. "Customer" means any Person obligated to make payment to Seller for purchases from Seller of electricity, gas and other related services.

1.1.24 Customer Bill. "Customer Bill" means an invoice or any other evidence of a Customer's obligation to Seller rendered to a Customer for payment to Seller for purchases from Seller of electricity, gas and other related services.

1.1.25 Depository Account. "Depository Account" means one of the concentration accounts, depository accounts or similar accounts listed on Exhibit I-A to this Agreement and any other such account established in accordance with Section 6.5 hereof.

1.1.26 Depository Account Agreement. "Depository Account Agreement" means each agreement substantially in the form of Exhibit G to this Agreement with such changes to such form as are reasonably acceptable to the Funding Agents and any other agreement pursuant to which Seller has established a Depository Account.

1.1.27 Depository Account Bank. "Depository Account Bank" means any institution at which a Depository Account is maintained.

1.1.28 Estimation Correction Amount. "Estimation Correction Amount" means, as of any date of determination, (a) the Face Amount of Receivables for which Customer Bills were posted on such date, minus (b) that portion of the Face Amount that Credit has previously paid to Seller for the Receivables represented by such Customer Bills.

1.1.29 Event of Bankruptcy. "Event of Bankruptcy" means :

(a) that Seller shall admit in writing its inability, or fail generally, to pay its debts as they become due;

(b) (i) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Seller in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of Seller or for any substantial part of its property, or for the winding-up or liquidation of its affairs and (ii) either such proceedings shall remain undismissed or unstayed for a period of sixty (60) days or any of the actions sought in such proceedings shall occur;

(c) the commencement by Seller of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or Seller's consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee,

custodian, sequestrator, conservator or other similar official of Seller or for any substantial part of its property, or any general assignment for the benefit of creditors; or

(d) Seller shall take any corporate action in furtherance of any of the actions set forth in the preceding clause (a), (b) or (c).

1.1.30 Face Amount. "Face Amount" means (a) for a Billed Receivable, the unpaid balance thereof duly owed to Seller by a Customer (excluding any portion of the unpaid balance relating to charges which are not Outstanding Receivables), (b) for an Unbilled Receivable, the estimated dollar amount due from a Customer arising from the sale and delivery by Seller to Customer of electricity, gas and other related services in the ordinary course of business (excluding any amount due relating to charges which are not Outstanding Receivables), and (c) for a Budget Account Receivable, the contractual amount due and owing for the sale and delivery by Seller to Customer of electricity, gas and other related services in the ordinary course of business; in any such case determined on the Purchase Date on which such Outstanding Receivable is purchased by Credit hereunder (excluding any amount due relating to charges which are not Outstanding Receivables). In the calculation of "Face Amount", there shall be no double-counting of Credit Card Receivables and Receivables for the payment of which the Seller accepted Credit/Charge Cards in the related Credit Card Transaction.

1.1.31 Funding Agent. "Funding Agent" is defined in the Receivables Purchase Agreement.

1.1.32 Governmental Approvals. "Governmental Approvals" means all consents, approvals, authorizations, orders, registrations or qualifications of any Person or public authority as may be required by any appropriate regulatory authority in respect of the transactions contemplated hereby.

1.1.33 Lock-Box. "Lock-Box" means each postal box or code listed on Exhibit I-B to this Agreement and any other such postal box or code established in accordance with Section 6.5 hereof.

1.1.34 Material Adverse Effect. "Material Adverse Effect" means a material adverse effect on (a) the ability of Seller to perform its material obligations under this Agreement or the Agency Agreement (other than as a result of any deterioration in the financial condition of the Seller), (b) the validity or enforceability of, or collectibility of, amounts payable by Seller under this Agreement or the Agency Agreement, (c) the status, existence, perfection or priority of the interest of Credit in the Receivables, or (d) the validity, enforceability or collectibility of all or any material portion of the Receivables.

1.1.35 Merchant Processor. "Merchant Processor" means any Person which is engaged customarily in the business of acting as a merchant processor for Credit/Charge Cards.

1.1.36 Merchant Processor Agreement. "Merchant Processor Agreement" means the agreement between Seller and a Merchant Processor whereby such Merchant Processor agrees to

purchase, pay or otherwise reimburse Seller for receivables arising out of a Credit Card Transaction.

1.1.37 Mortgage. "Mortgage" means the Indenture of Mortgage dated February 1, 1940 between Seller and The Bank of New York, as Trustee, as the same may be amended and supplemented from time to time.

1.1.38 Outstanding Receivable. "Outstanding Receivable" means any of Seller's rights to payment, whether or not evidenced by a Customer Bill, (i) arising from the sale and delivery (on or before 12:01 a.m., of the Seller's Business Day preceding the applicable Purchase Date) of electricity, gas and other related services in the ordinary course of business, including without limitation, Billed Receivables, Unbilled Receivables and Budget Account Receivables or (ii) constituting a Credit Card Receivable. Outstanding Receivable shall not include any securitized transition charges or transition property created pursuant to a financing order issued by Seller's state public utility regulatory commission.

1.1.39 Person. "Person" means any natural person, corporation, company, voluntary association, partnership, joint venture, trust (including a business trust), unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

1.1.40 P.O. Box Transfer Notice. "P.O. Box Transfer Notice" means an agreement substantially in the form of Exhibit O to the Receivables Purchase Agreement, or such other agreement in form and substance reasonably acceptable to the Funding Agents.

1.1.41 Purchase Date. "Purchase Date" means each day on or after the date hereof on which Outstanding Receivables are purchased by Credit from Seller pursuant to this Agreement.

1.1.42 Purchase Price. "Purchase Price" means the price paid by Credit to Seller for the purchase by Credit from Seller of Receivables on any Purchase Date pursuant to this Agreement.

1.1.43 Receivable. "Receivable" means any Outstanding Receivable that has been purchased by Credit from Seller pursuant to this Agreement.

1.1.44 Receivables Purchase Agreement. "Receivables Purchase Agreement" means the Second Amended and Restated Receivables Purchase Agreement dated as of the date hereof among Credit, American Electric Power Service Corporation, as servicer, the persons party thereto as conduit purchasers, committed purchasers and funding agents, and Bank One, NA (Main Office Chicago), as administrative agent, as the same may be amended and supplemented from time to time.

1.1.45 Sale and Assignment. "Sale and Assignment" means the sale and assignment agreement in substantially the form attached hereto as Exhibit A.

1.1.46 Servicer. "Servicer" means American Electric Power Service Corporation in its capacity as servicer under the Receivables Purchase Agreement and any successor servicer thereunder.

1.1.47 Sub-Agent. "Sub-Agent" is defined in the Agency Agreement.

1.1.48 Termination Date. "Termination Date" means the date specified for termination of Credit's obligation to purchase Outstanding Receivables hereunder in the notice contemplated by Section 7.1 hereof.

1.1.49 Unbilled Receivable. "Unbilled Receivable" means any Outstanding Receivable for which, as of the time of determination, a Customer Bill has not been rendered.

1.1.50 UCC. "UCC" means the Uniform Commercial Code as from time to time in effect in the State or States in which the Seller sells electricity, gas or related services.

II. PURCHASE OF OUTSTANDING RECEIVABLES

2.1 Purchases. Purchases of Outstanding Receivables made on any Purchase Date will be made at a Purchase Price determined in accordance with page 2 of Exhibit A hereto. In accordance with the purchase procedure set out in Section 2.2 hereof and subject to and upon the terms and conditions set forth herein, on each Purchase Date, Credit shall purchase from Seller, without recourse, and Seller shall sell and assign to Credit, all right, title and interest in and to all of the Outstanding Receivables of Seller described in the applicable Sale and Assignment, including all right, title and interest in all Collections whenever received by Seller. Credit and Seller hereby agree that each such purchase of Outstanding Receivables shall constitute a true sale of all rights, title and interest in and to such Outstanding Receivables and to all amounts paid in respect of such Outstanding Receivables.

It is, further, not the intention of Seller and Credit that the purchases of Outstanding Receivables hereunder be deemed a grant of a security interest in all right, title and interest of Seller in and to such Outstanding Receivables to secure a debt or other obligation of Seller. However, if notwithstanding the intention of the parties hereto, the purchase of the Outstanding Receivables hereunder is characterized as a secured loan rather than a sale, this Agreement shall constitute a security agreement under applicable law. For this purpose, Seller hereby grants to Credit a security interest in all of Seller's right, title and interest in, to and under all of the Outstanding Receivables, whether now existing or hereafter acquired or arising and all Collections with respect thereto. Credit shall have, with respect to the property described in this paragraph of Section 2.1, and in addition to all the other rights and remedies available to Credit under this Agreement and applicable law, any additional rights and remedies of a secured party under any applicable UCC.

2.2 Purchase Procedure. Any sale and purchase of Receivables pursuant to this Agreement will require the delivery to and acceptance by Credit by 9:00 a.m., CST, on the particular Purchase Date, at Credit's principal office set forth in Section 9.2 hereof, of a Sale and

Assignment executed by one of the individuals duly authorized by Seller pursuant to the authorization set forth in Exhibit E hereto, as such authorization may be amended from time to time by written notice to Credit. Such Sale and Assignment may be delivered by Seller to Credit by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute the duly executed Sale and Assignment of Seller for all purposes. Upon acceptance by Credit of the Sale and Assignment, on such Purchase Date, Credit shall wire transfer the respective Purchase Price in immediately available funds to the account specified by Seller, in the manner contemplated by Section 2.7 hereof. Credit shall deliver to Seller at Seller's principal office set forth in Section 9.2 hereof a copy of each Sale and Assignment accepted by Credit, executed by an authorized officer of Credit, promptly following the acceptance thereof by Credit. Such Sale and Assignment may be delivered by Credit to Seller by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute due notification of Credit's acceptance for all purposes.

2.3 Determination of Unbilled Receivable. Any determination by Seller of the Face Amount of an Unbilled Receivable shall be a reasonable, good faith estimate of the appropriate dollar amount of such Outstanding Receivable, based on Seller's most recent projections for billing cycles not yet invoiced.

2.4 Information Concerning Unbilled Revenue Schedule. Within fifteen Business Days following the end of each calendar month, Seller shall deliver to Credit information concerning Seller's unbilled revenue schedule, in the form of Exhibit C hereto, for the next six calendar months. Seller shall at all times maintain a rolling six month unbilled revenue schedule based upon Seller's most recent revenue projections.

2.5 Estimation Correction Amount. The Estimation Correction Amount shall be calculated by Credit on each Business Day on which a cycle is billed, and shall be included in the calculation of the Purchase Price for Receivables on each Purchase Date, as set forth in Exhibit A hereto.

2.6 Carrying Cost Variance Payment. At the end of each calendar month, a carrying cost variance payment shall be calculated in accordance with Exhibit F. Seller or Credit, as the case may be, shall wire transfer such carrying cost variance payment to the other party not later than the fifth Business Day of the succeeding month, in the manner contemplated by Section 2.7 hereof.

2.7 Coordination of Payments. Credit and Seller shall use their best efforts to coordinate the wire transfer of funds under this Agreement and under the Agency Agreement so as to avoid multiple daily wire transfers (by means of netting payments to be made by each of them on such date); provided, however, that nothing in this Section 2.7 is intended to modify in any respect any obligation of Seller or Credit to make a payment when due hereunder.

2.8 Purchase Price Credit Adjustments. If on any day:

(a) the Face Amount of a Receivable is:

- (i) reduced as a result of any discount or any adjustment or otherwise by Seller (other than cash Collections on account of the Receivables or reductions recoverable from the Agent pursuant to Section 4.1.2 of the Agency Agreement),
- (ii) reduced or canceled as a result of the exercise of a right of setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), or

(b) any of the representations and warranties set forth in Section 3.1.4, Section 3.1.5 or Section 3.1.6 are no longer true with respect to any Receivable, or

(c) the amount of any Collections with respect to any Receivable which are received by any Sub-Agent and which Seller is aware have not been remitted to a Depositary Account within five (5) Business Days after the date such Sub-Agent is contractually required to remit such amount,

then, in such event, Credit shall be entitled to a credit (each, a "Purchase Price Credit") against the Purchase Price otherwise payable hereunder equal to the amount of such reduction or cancellation, in the case of any reduction described in clause (a) above, the Face Amount of such Receivable (less Collections received in respect thereof), in the case of any breach of representation and warranty described in clause (b) above, or the amount of such Collections, in the case of any failure to remit Collections described in clause (c) above. If such Purchase Price Credit exceeds the Purchase Price of the Receivables sold hereunder on any day, then Seller shall pay the remaining amount of such Purchase Price Credit in cash within five (5) Business Days thereafter.

III. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Seller. Seller represents and warrants to Credit as follows:

3.1.1 Organization and Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with all requisite corporate power and authority to own its properties and to transact the business in which it is now engaged or in which it presently proposes to engage. Seller's organizational identification number issued by Seller's state of incorporation is 0032233. Seller has only one state of incorporation. Seller is qualified to do business and is in good standing in all other jurisdictions in the United States necessary to transact the business in which it is now engaged, except where the failure to qualify would not have a material adverse effect on the transactions herein contemplated.

3.1.2 No Restrictions. The sale of Receivables pursuant to this Agreement, the performance of Seller's obligations under this Agreement and the consummation of the

transactions herein contemplated do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Adverse Claim upon any of Seller's property or assets pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument (other than this Agreement) to which Seller is a party or by which any of Seller's property or assets is subject, nor will such action result in any violation of the provisions of Seller's Certificate of Incorporation or By-laws or any statute or any order, rule or regulation of any court or governmental agency or body of the United States, any State or any political subdivision of either having jurisdiction over Seller or any of Seller's properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or any such regulatory authority or other such governmental agency or body (other than the Governmental Approvals and such other consents, approvals, authorizations, orders, registrations or qualifications as have been obtained) is required for the sale of Receivables hereunder or the consummation by Seller or the other transactions contemplated by this Agreement.

3.1.3 Authorization and Effect of Agreement. This Agreement has been duly authorized, executed and delivered by Seller and constitutes Seller's valid and legally binding obligation, enforceable against Seller in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors, rights and to general principles of equity.

3.1.4 Title of Receivables. Seller is the owner (immediately prior to sale) of all Receivables and rights to Collections in respect thereof sold by Seller to Credit hereunder, free from any Adverse Claim, and Seller, at its sole cost and expense, shall defend the Receivables and rights to Collections in respect thereof against any and all Adverse Claims (except for any Adverse Claim arising from any act or omission of Credit or an Agent other than Seller) asserted by any Person at any time. The Face Amount of each Receivable shall represent and constitute the valid and binding obligation of the respective Customer to pay such Face Amount, subject, however, in the case of Unbilled Receivables to the determination and estimation correction procedures set forth in Sections 2.3 and 2.5 hereof.

3.1.5 No Financing Statements. There is no financing statement under the UCC of any jurisdiction (or similar statement or instrument of registration or otherwise under the laws of any jurisdiction) now on file or registered in any public office covering any interest of any kind in the Outstanding Receivables or any Collections in respect thereof, or intended so to be, and Seller will neither execute nor file in any public office any financing statement (or similar statement or instrument of registration or otherwise under the laws of any jurisdiction) relating to such Outstanding Receivables or any Collections in respect thereof, except for the UCC financing statements filed or to be filed in respect of and covering the purchase of the Receivables hereunder.

3.1.6 Perfection. All filings and recordings (including UCC financing statement filings) required to perfect the title of Credit in all Receivables (and all Collections in respect thereof) when sold and when value is received therefor have been accomplished and are in full

force and effect, and Seller shall at Seller's expense perform all acts and execute all documents reasonably requested by Credit at any time to evidence, perfect, maintain and enforce the title and interest of Credit in the Receivables (and all Collections in respect thereof) and the priority thereof. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to transfer to Credit (and Credit shall acquire from Seller) legal and equitable title to, with the right to sell and encumber each Receivable, together with the Collections with respect thereto, free and clear of any Adverse Claim.

3.1.7 Names; Principal Place of Business. (i) The following names, legal name: Southwestern Electric Power Company(changed from Southwestern Gas and Electric Company on September 26, 1958), trade name(s): AEP SWEPCO and AEP Southwestern Electric Power Company (in the states of Arkansas, Delaware, Louisiana, Nebraska, Oklahoma and Texas) constitute all present and former corporate names under which Seller has transacted business, (ii) the chief executive office is, and for at least 6 months has been, located at 1 Riverside Plaza, in Franklin County, Ohio and Seller at all times has had more than one place of business in Ohio or a single place of business in Ohio located in Franklin County.

3.1.8 Financial Statements. Seller has delivered to Credit the balance sheets and statements of capitalization and the related statements of income and retained earnings of Seller (a) for the period ended December 31, 2003, accompanied by the related opinion of Seller's auditors, as filed on Form 10-K and (b) for the periods ended March 31, 2004 and June 30, 2004, as filed on Forms 10-Q with the Securities and Exchange Commission. All such financial statements present fairly the financial position of Seller as of the respective dates indicated and the results of operations for the respective periods.

3.1.9 Investment Company. Seller is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.1.10 No Default or Unmatured Default. No default or event which, with the giving of notice or the passage of time or both, would constitute a default has occurred under the Mortgage. No Adverse Claim has been created, and no event has occurred which, with the giving of notice or the passage of time or both, would result in the creation of any Adverse Claim, on the Receivables or the Collections pursuant to the Mortgage or any other mortgage, agreement, instrument or filing. As of August 16, 2004, there is \$96,360,000 principal amount of first mortgage bonds outstanding under the Mortgage and as of December 31, 2003, the value of the collateral pledged pursuant to the Mortgage was no less than \$3,200,000,000.

3.1.11 Bulk Sales Act. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

3.1.12 Actions, Suits. There are no actions, suits or proceedings pending, or to the best of Seller's knowledge, threatened, against or affecting Seller, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse

Effect. Seller is not in default with respect to any order of any court, arbitrator or governmental body which default could reasonably be expected to have a Material Adverse Effect.

3.1.13 Accuracy of Information. All information heretofore furnished by Seller to Credit (or its assigns) for purposes of or in connection with this Agreement or the Agency Agreement or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by Seller to Credit (or its assigns) will be, true and accurate in every material respect on the date such information is stated or certified and shall not be otherwise misleading in light of the circumstances under which such information was provided.

3.1.14 Use of Proceeds. No proceeds of the sale of Receivables hereunder will be used (a) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (b) to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934, as amended.

3.1.15 Material Adverse Effect. Since December 31, 2003, no event has occurred that would have a Material Adverse Effect.

3.1.16 Compliance with Law. Seller has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect as described in clauses (b), (c), (d) and (e) of the definition thereof.

3.1.17 Compliance with Credit and Collection Procedure. Seller has complied in all material respects with the Credit and Collection Procedure with regard to each Receivable and the related contract, and has not made any change to such Credit and Collection Procedure except as permitted hereunder.

3.1.18 Payments to Seller. With respect to each Receivable, the Purchase Price received by Seller constitutes reasonably equivalent value in consideration therefor and such transfer was not made for or on account of an antecedent debt or with actual intent to hinder, delay or defraud any entity to which Seller is indebted or was indebted at the time of such transfer.

3.1.19 True Sale. Seller shall take such actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Milbank, Tweed, Hadley & McCloy, LLP, as counsel for Seller, in connection with the closing of the Receivables Purchase Agreement, and relating to true sale issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

3.1.20 Instructions to Customers and Sub-Agents. Seller has instructed (x) all Customers to remit all Collections directly to a Sub-Agent, to a Lock-Box, to the AEP Utilities Account or to a Depositary Account to which only amounts owed to Seller are deposited, and (y) all Sub-Agents to remit all Collections directly to a Depositary Account to which only amounts owed to Seller are deposited.

3.2 Representations and Warranties of Credit. Credit represents and warrants to Seller as follows:

3.2.1 Organization and Power. Credit is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with all requisite corporate power and authority to own its properties and to transact the business in which it is now engaged or in which it proposes to engage.

3.2.2 No Restrictions. The purchase by Credit of Receivables pursuant to this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Credit is a party or by which Credit is bound or to which any of the property or assets of Credit is subject, nor will such action result in any violation of the provisions of the certificate of incorporation or the by-laws of Credit or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Credit or any of Credit's properties; and no consent, approval, authorization, order, registration or qualification of or with any court or any such regulatory authority or other governmental agency or body (other than the Governmental Approvals and such other consents, approvals, authorizations, orders, registrations or qualifications as have been obtained) is required for the purchase by Credit of Receivables hereunder or the consummation by Credit of the other transactions contemplated by this Agreement.

3.2.3 Authorization and Effect of Agreement. This Agreement has been duly authorized, executed and delivered by Credit and constitutes the valid and legally binding obligation of Credit enforceable against Credit in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

3.2.4 Purchase for Credit's Account. Any purchase by Credit of Receivables pursuant to this Agreement will be for the account of Credit and not as agent for or with a view toward resale to any other party; provided, however, that the provisions of this Section 3.2.4 shall not prevent Credit from engaging in any financing transaction relating to the Receivables.

3.2.5 Adequate Financing. Credit shall at all times maintain available lines of credit and financing arrangements that are sufficient to support its obligation to purchase Outstanding Receivables hereunder.

IV COVENANTS OF SELLER

4.1 Preservation of Corporate Existence. Seller shall preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation (as such rights, franchises and privileges may be modified from time to time by applicable law), and qualify and remain qualified in good standing as a foreign corporation in any other jurisdiction where any

Outstanding Receivable arose and where such qualification is necessary to permit the enforcement of the obligations under Receivables against the respective Customers.

4.2 Maintenance of Offices. Seller shall maintain originals or duplicates of the principal documents (including, without limitation, computer tapes and disks) evidencing all Outstanding Receivables and Customer Bills at the address set forth in Section 9.2 hereof, and Seller shall not move its principal executive office or such documents unless (a) Seller shall have given to Credit not less than 45 days prior written notice of its intention to do so, clearly describing the new location, and (b) Seller shall have taken such action, satisfactory to Credit, to maintain the title and interest and priority of Credit in the Receivables and Collections in respect thereof at all times fully perfected and in full force and effect.

4.3 Continuing Obligations. Seller will duly fulfill all obligations on its part to be fulfilled under or in connection with the Receivables, and will do nothing to impair the rights of Credit in the Receivables; provided, however, that an adjustment or compromise of a Receivable in accordance with the Agency Agreement shall not be deemed to be a violation of this Section 4.3.

4.4 Further Action. Seller will make, execute or endorse, acknowledge, and file or deliver to Credit from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Receivables and Collections in respect thereof as Credit may reasonably request for the protection of the rights of Credit hereunder.

4.5 Approvals. Seller shall use its best efforts to obtain, and to assist Credit in obtaining, any and all consents, approvals, authorizations, orders, registrations and qualifications which may be required from time to time in the future to consummate the transactions contemplated by this Agreement, including without limitation the Governmental Approvals.

4.6 Sales, Adverse Claims, Etc. Except as otherwise herein provided, Seller shall not sell, assign (by operation of law or otherwise), dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, Seller's undivided interest in any Receivable or Collections in respect thereof or assign any right to receive income in respect thereof. Without limiting the generality of the foregoing, Seller will not claim any ownership or other interest in the Receivables and will respond to third party inquiries with respect to the ownership of the Receivables by stating that such ownership has been entirely transferred to Credit.

4.7 Extension or Amendment of Receivables. Without the prior written consent of Credit, Seller shall not extend, amend or otherwise modify the terms of any Receivable; provided, however, that Seller may do so to the extent permitted by the Agency Agreement or as provided in the Credit and Collection Procedure.

4.8 Compliance with Laws, Etc. Seller shall comply in all material respects with applicable laws, rules, regulations and orders applicable to it, its business and properties, and all of its Outstanding Receivables.

4.9 Keeping of Records and Books of Account. Seller shall at its sole cost and expense maintain and implement, or cause to be maintained and implemented, administrative and operating procedures, and keep and maintain, or cause to be kept and maintained, all documents, books, records and other information including, without limitation, all tapes, disks or other electronically stored or computerized programs, data, records or documents, reasonably necessary or advisable for the calculation and collection of all Receivables, in accordance with the Agency Agreement. Such books and records shall appropriately reflect the sale of such Receivables to Credit.

4.10 Inspection. At any time and from time to time during regular business hours, Seller shall permit Credit, or Credit's agents or representatives (including the Agent), any Funding Agent or agents or representatives of any lender providing financing to Credit upon reasonable notification to Seller, for the purpose of protecting Credit's (and its assigns') interests hereunder, to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of Seller relating to Receivables, Collections in respect thereof, the Depositary Accounts and Lock-Boxes.

4.11 Credit and Collection Procedures. Agent shall comply in all material respects with the Credit and Collection Procedure.

4.12 Change in Business or Credit and Collection Procedure. Without the written consent of Credit, Seller shall not make any change in the character of its business and the Agent shall not make any change in the Credit and Collection Procedure which change would, in either case, impair the collection of Receivables.

4.13 Annual Financial Audit. In connection with Seller's annual independent financial audit, Seller shall instruct its independent public accounting firm to audit the accounts receivable records maintained by Seller in accordance with the audit outline set forth in Exhibit D hereto and to furnish the results of such audit to Credit's independent public accountant.

4.14 Financial Statements. Within 45 days of the end of each fiscal quarter (except for the fourth fiscal quarter) and 90 days of the end of each fiscal year, Seller shall deliver to Credit balance sheets and statements of capitalization and related statements of income and retained earnings of Seller, and such fiscal year financial statements shall be accompanied by an opinion of Seller's independent public accounting firm.

4.15 Card and Merchant Processor Agreements. Seller shall not enter into any Card Agreement or Merchant Processor Agreement with any Card Company or Merchant Processor which does not have an unsecured long-term credit rating of at least "A3" by Moody's Investors

Service or "A-" by Standard & Poor's Ratings Service, a division of The McGraw Hill Companies, Inc. at the time such Card Agreement or Merchant Processor Agreement is entered into.

4.16 Orders of State Commission. Seller shall deliver to Credit any new or modified or amended order, including, without limitation, any order establishing Seller's allowed return on common equity, the "**ROCE**", received by Seller from any state public utility regulatory commission.

4.17 No Petition. Seller shall not at any time institute against Credit, or join in any institution against Credit, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law. Seller shall not at any time institute against any Conduit Purchaser, or join in any institution against any Conduit Purchaser, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law, until the expiration of one year and one day after payment in full of all outstanding indebtedness of such Conduit Purchaser.

4.18 Confidentiality. Seller shall maintain and shall cause each of its employees and officers to maintain the confidentiality of any confidential proprietary information with respect to the Conduit Purchasers, the Committed Purchasers, the Funding Agents, the Administrative Agent and their respective businesses, obtained by it in connection with the structuring, negotiating and execution of the transactions contemplated by the Receivables Purchase Agreement, except that Seller and its officers and employees may disclose such information to Seller's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

4.19 Notice of Defaults and Unmatured Defaults. Seller shall provide written notice, as soon as it has knowledge, to (i) Credit, (ii) the Servicer and (iii) the Administrative Agent of (x) any default or event which, with the giving of notice or the passage of time or both, would constitute a default has occurred under the Mortgage or (y) the creation of any Adverse Claim, or the occurrence of any event which, with the giving of notice or the passage of time or both, would result in the creation of any Adverse Claim, on the Receivables or the Collections pursuant to the Mortgage or any other mortgage, agreement, instrument or filing.

4.20 Compliance Certificate. Seller shall furnish to Credit, together with the financial statements required hereunder, a compliance certificate substantially in the form of Exhibit H hereto signed by the chief financial officer of Seller and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

4.21 Shareholders Statements. Except if otherwise publicly available, upon the request of Credit (or its assigns), Seller shall furnish to Credit (or its assigns), promptly upon the furnishing thereof to the shareholders of Seller, copies of all financial statements so furnished.

4.22 S.E.C. Filings. Except if confidential or otherwise publicly available, upon the request of Credit (or its assigns), Seller shall furnish to Credit (or its assigns), promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Seller or any of its subsidiaries files with the Securities and Exchange Commission.

4.23 Change in Credit and Collection Procedure. Seller shall furnish to Credit, at least thirty (30) days prior to the effectiveness of any material change in or amendment to the Credit and Collection Procedure, a copy of the Credit and Collection Procedure then in effect and a notice indicating such change or amendment.

4.24 Other Information. Seller shall furnish to Credit, promptly from time to time, such other information, documents, records or reports relating to the Receivables as Credit (or its assigns) may from time to time reasonably request in order to protect the interests of Credit (and its assigns) under or as contemplated by this Agreement.

4.25 Notices. Until the Receivables Purchase Agreement has been terminated and all obligations of the Seller thereunder have been satisfied in full, Seller will notify Credit (and its assigns) in writing of any of the following promptly upon any of the president, controller or treasurer of Seller having actual knowledge thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(a) Judgment and Proceedings. the entry of any judgment or decree against Seller if the amount of any such judgment or decree exceeds \$25,000,000;

(b) Material Adverse Effect. the occurrence of any event or condition that has, or could reasonably be expected to have, a Material Adverse Effect (including, without limitation, the failure of Seller to perform or observe any of the terms of this Agreement where such failure could reasonably be expected to have a Material Adverse Effect);

(c) Defaults Under Other Agreements. the occurrence of a default or an event of default under any other financing arrangement pursuant to which Seller is a debtor or an obligor if the amount of such financing arrangement exceeds \$25,000,000;

(d) Downgrade of Seller. any downgrade in the rating of any indebtedness of Seller by Standard and Poor's Ratings Services or by Moody's Investors Service, Inc., setting forth the indebtedness affected and the nature of such change; and

(e) Enforceability of this Agreement. the occurrence of any event which causes this Agreement to cease to be the valid and binding obligation of Seller, enforceable against it in accordance with its terms.

4.26 Marking of Records and Books. Seller shall on or prior to the date hereof, mark its master data processing records and other books and records relating to the Receivables with a legend, acceptable to Credit (or its assigns), describing Credit's ownership interests in the

Receivables and further describing the interests of the Administrative Agent under the Receivables Purchase Agreement, for the benefit of the Committed Purchasers and Conduit Purchasers.

4.27 Compliance with Contracts. Seller shall timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the contract related to each Receivable except where failure to so perform or comply could not reasonably be expected to materially adversely effect the collectibility of such Receivable. Seller shall pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of Credit and its assigns, other than such taxes that are being contested in good faith by appropriate proceedings, for which adequate reserves in accordance with generally accepted accounting principles have been set aside on its books and that have not given rise to any Adverse Claims (other than Adverse Claims permitted under the Receivables Purchase Agreement).

4.28 Name Change, Offices and Records. Seller shall not change its name, type of organization, organizational identification number or jurisdiction of incorporation (within the meaning of Section 9-102 of the UCC) or relocate any office where records with respect to the Receivables are kept unless it shall have: (i) given Credit (or its assigns) at least forty-five (45) days' prior written notice thereof and (ii) delivered to Credit (or its assigns) all financing statements, instruments and other documents requested by Credit (or its assigns) in connection with such change or relocation.

V. CONDITIONS PRECEDENT

5.1 Conditions Precedent to All Purchases. Each purchase of Outstanding Receivables hereunder shall be subject to, unless otherwise waived by Credit in the manner set forth in Section 9.1 hereof, the following further conditions precedent:

(a) On the appropriate Purchase Date (and Seller, by accepting the Purchase Price, shall be deemed to have certified that) the representations and warranties made by Seller contained in Section 3.1 hereof and in the Agency Agreement are correct on and as of such date, as though made on and as of such date;

(b) All Governmental Approvals with respect to this Agreement and the Agency Agreement required in connection with Seller's execution, delivery and performance hereof and thereof, each Sale and Assignment and the other documents to be delivered hereunder, and the transactions documents to be delivered hereunder, and the transactions contemplated hereby required in connection with Seller's execution, delivery and performance hereof or thereof, shall have been received and shall be in effect on the appropriate Purchase Date;

(c) Credit shall have received such other approvals, opinions or documents as Credit may reasonably request;

(d) Seller shall not be in breach of any covenant of this Agreement or the Agency Agreement;

(e) Seller shall not have (i) instituted or consented to the institution of any proceeding, or filed a petition, answer, consent or other pleading, in either case, seeking reorganization of Seller or any other relief or procedure with respect to Seller, under any applicable federal or state law relating to bankruptcy, insolvency, liquidation, dissolution or similar law, (ii) consented to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Seller or a substantial part of its property, (iii) made any assignment for the benefit of creditors, (iv) admitted in writing its inability to pay its debts generally as they become due, or (v) taken any corporate action in furtherance of any of the foregoing actions, and no involuntary proceeding shall have been instituted against Seller or its properties for any such reorganization, relief, appointment, assignment or admission;

(f) Credit shall have available lines of credit and financing arrangements that are sufficient to support its obligation to purchase Outstanding Receivables hereunder;

(g) Credit shall have received a schedule of Seller's holidays for the current calendar year, and Seller shall have received a schedule of Credit's holidays for the current calendar year; and

(h) Credit shall have received a copy of the order of Seller's state public utility regulatory commission, as in effect on the appropriate Purchase Date, which set Seller's allowed ROCE.

(i) Credit shall have received Seller's initial Unbilled Receivable schedule in the form attached as Exhibit C.

VI. ADMINISTRATION AND COLLECTION

6.1 Appointment of Seller for Administration and Collection. Until such time as Credit shall notify Seller of the revocation of such power and authority pursuant to the Agency Agreement, Credit appoints Seller as its agent, upon the terms and conditions set forth in the Agency Agreement, to collect all Receivables.

6.2 Appointment of Another Agent. To the extent Credit, pursuant to the Agency Agreement, may engage an Agent other than Seller to service, administer and collect the Receivables, such Agent shall have all of the rights granted to Credit or to Agent thereunder.

6.3 Responsibilities of Seller. Anything herein or in the Agency Agreement to the contrary notwithstanding:

(a) Seller shall remain responsible and liable to perform all of its duties and obligations under the obligations giving rise to the Receivables, to the extent set forth therein, to the same extent as if such Receivables had not been sold hereunder; provided, however, that upon written notice from Credit to Seller that Credit has appointed an Agent other than Seller, Seller shall not be responsible or liable for those duties and obligations specified by Credit in such notice as being assumed by the new Agent.

(b) Except as set forth in subsection (a) above, neither Credit nor any Agent has any obligation or liability with respect to any Receivables.

6.4 Further Action Evidencing Purchases.

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable or that Credit may reasonably request, in order to perfect, protect or more fully evidence the sales hereunder of Receivables and rights to Collections in respect thereof, or to enable Credit to exercise or enforce any of its rights hereunder. Without limiting the generality of the foregoing, Seller shall upon request of Credit (i) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or appropriate for the protection of Credit's rights hereunder; and (ii) to the extent not already done, mark its data processing records evidencing all of its Outstanding Receivables with a legend, acceptable to Credit, identifying those Receivables that have been sold in accordance with this Agreement.

(b) Seller hereby authorizes Credit to file one or more financing or continuation statements, and amendments thereto and further assignments thereof relative to all or any of the Receivables and rights in Collections in respect thereof now existing or hereafter arising without the signature of Seller where permitted by law. If Seller shall fail to execute or file any financing or continuation statement, amendment, instrument or notice in accordance with subsection (a) above, Credit may, and is hereby irrevocably appointed attorney-in-fact to execute or file the same on behalf of and in the name of Seller.

(c) If Seller fails to perform any of its agreements or obligations under this Agreement or the Agency Agreement, Credit or any Agent may (but shall not be required to) itself perform, or cause performance of such agreement or obligation, and the reasonable and necessary expenses of Credit incurred in connection therewith shall be payable by Seller upon demand by Credit.

6.5 Depository Account Agreements; AEP Services Account Agreement; Lock-Boxes.

(a) The names and addresses of all Depository Account Banks, together with the account numbers of the Depository Accounts at such Depository Account Banks, are accurately set forth on Exhibit I-A. The name and address of the AEP Services Account

Bank, together with the account number of the AEP Services Account are accurately set forth in Exhibit I-C. The addresses and post office box numbers of all Lock-Boxes are accurately set forth on Exhibit I-B. Seller will cause each Depositary Account to at all times be subject to a Depositary Account Agreement among Credit, itself, the applicable Depositary Account Bank and the Administrative Agent. Seller will cause the AEP Services Account to at all times be subject to the AEP Services Account Agreement among Credit, itself, the other "Sellers" (as such term is defined in the Receivables Purchase Agreement), the AEP Services Account Bank and the Administrative Agent. Seller will cause each Lock-Box to at all times be subject to a P.O. Box Transfer Notice. Seller agrees that if any Collections are received by Seller in a bank account other than a Depositary Account, the AEP Services Account or the AEP Utilities Account, such monies, instruments, cash and other proceeds will be immediately remitted to a Depositary Account with any necessary endorsement and in any event within one (1) Business Day after identification thereof.

(b) Seller shall deposit all collections in respect of receivables that are not included in the Receivables in an account that is not the Collection Account or the Concentration Account. In the case of any remittances received in any Depositary Account that shall have been identified, to the satisfaction of Seller, to not constitute Collections, other proceeds of the Receivables or other amounts owed to the Seller, Seller shall promptly remit such items to the Person identified to it as being the owner of such remittances. Seller shall not permit any funds to be deposited into any Depositary Account that do not constitute amounts owed to Seller.

(c) Seller shall (x) instruct all Customers to submit all Collections directly to a Sub-Agent, a Lock-Box, the AEP Utilities Account or a Depositary Account to which only amounts owed to Seller are deposited, and (y) instruct all Sub-Agents to submit all Collections directly to a Depositary Account to which only amounts owed to Seller are deposited. Seller shall not make any changes to any Depositary Account Agreement or the AEP Services Account Agreement or establish any new Lock-Box, a new AEP Services Account or any new Depositary Account, or change its instructions to Customers, Sub-Agents or other Persons regarding payments to be made to any Lock-Box or any Depositary Account (except for a change in instructions solely for the purpose of directing such Customers, Sub-Agents or other Persons to make such payments to another existing Lock-Box or Depositary Account to which only amounts owed to Seller are deposited), unless Credit (or its assigns) has received copies of (x) a duly executed P.O. Box Transfer Notice with respect to such new Lock-Box, (y) a Depositary Account Agreement duly executed by Credit, Seller, the Administrative Agent and such new Depositary Bank with respect to such new Depositary Account, as applicable or (z) a new AEP Services Account Agreement duly executed by Credit, Seller, the other "Sellers" as such term is defined in the Receivables Purchase Agreement, the new AEP Services Account Bank and the Administrative Agent.

(d) Within ten (10) Business Days following the request of Credit after (i) the occurrence and continuation of an Amortization Event or Seller Amortization Event with respect to Seller (as each such term is defined in the Receivables Purchase Agreement) or (ii) the commencement of any Level Two Enhancement Period (as defined in the Receivables Purchase Agreement) with respect to Seller, Seller shall cause each Depository Account to be retitled in the name of "AEP Credit, Inc."

VII. TERMINATION

7.1 Termination. Either party to this Agreement may terminate this Agreement, together with the Agency Agreement, at any time upon not less than 30-days' written notice to the other party; provided, however that Credit shall have the right to immediately terminate this Agreement by written notice to Seller upon the occurrence of an Event of Bankruptcy. From and after the Termination Date, Credit shall have no further obligation to purchase receivables hereunder, provided that, commencing on the date 30 days prior to the Termination Date, Credit shall no longer be obligated to purchase Unbilled Receivables hereunder. Except as contemplated in the immediately preceding sentence and in Section 7.2 hereof, termination of this Agreement or the Agency Agreement by either party shall not affect Receivables and rights in the Collections in respect thereof, or the rights and obligations of Credit or Seller with respect thereto, sold to Credit pursuant to this Agreement prior to the date of such termination, and no such termination shall affect either party's obligations to the other under Section 7.2, Article VIII, Section 9.5 and Section 9.6 hereof.

7.2 Termination Procedures. Not less than 30 days prior to the Termination Date (or, in the case of termination by Credit, on the Termination Date), Seller agrees to have accounting procedures that distinguish Receivables and Collections in respect thereof owned by Credit from other receivables and collections, and to maintain such procedures so long as any such Receivables are outstanding. Unless Credit has exercised its rights to appoint an Agent other than Seller under the Agency Agreement, following the Termination Date Seller agrees to collect all Receivables, receive all Collections in respect thereof and otherwise comply with Section 5.1 of the Agency Agreement.

VIII. INDEMNIFICATION

8.1 Indemnities by Seller.

(a) Without prejudice to any other rights which Credit may have hereunder or under applicable law, Seller hereby agrees to indemnify and save harmless Credit from and against any and all damages, losses, claims, liabilities, costs and expenses (including reasonable attorneys fees and disbursements) arising out of or resulting from the breach of any representation or covenant of Seller under this Agreement or the Agency Agreement.

(b) Notwithstanding any other provision of this Agreement or the Agency Agreement, and in furtherance and not in limitation of the foregoing, Seller agrees to pay Credit upon demand any and all amounts necessary to indemnify it and save it harmless from and against any and all damages, losses, claims, liabilities or expenses (including reasonable attorneys' fees and disbursements) awarded against or incurred by it arising out or as a result of:

- (i) Credit's reliance on any representation or warranty made by or on behalf of Seller under or in connection with this Agreement or the Agency Agreement, in any report from Seller or in any other information delivered by Seller pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;
- (ii) the failure by Seller to comply with any applicable law, rule or regulation with respect to any of the Receivables, or the nonconformity of any of the Receivables with any such applicable law, rule or regulation;
- (iii) the failure of Seller to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or the Agency Agreement;
- (iv) any dispute, claim, offset or defense (other than a discharge in bankruptcy of the Customer) of the Customer to the payment of any Receivable (including, without limitation, a defense based on such Receivable not being a legal, valid and binding obligation of such Customer enforceable against it in accordance with its terms);
- (v) the failure to vest in Credit ownership of the Receivables free and clear of any Adverse Claim;
- (vi) the failure to file, or any delay in filing, financing statements, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables, whether at the time of any purchase of any Receivable or at any subsequent time;
- (vii) any Adverse Claim relating to any Receivable (including, without limitation, the Adverse Claims described in Section 3.1.4 hereof);
- (viii) the commingling of Collections at any time with any other funds;
- (ix) any failure by Seller timely to deliver to Credit or the successor Agent the Collections, books, records, documents or other

information which may be required to be delivered pursuant to Section 3.5 of the Agency Agreement;

- (x) any failure by Seller to comply with Section 2.3 hereof when determining the Face Amount of an Outstanding Receivable;
- (xi) any failure by Seller to be duly qualified to do business, and to be in good standing, in every jurisdiction where such qualification was required hereunder or under the Agency Agreement for the enforcement of any Receivable against the applicable Customer;
- (xii) any investigation, litigation or proceeding related to or arising from this Agreement or the Agency Agreement, the transactions contemplated hereby or thereby, the use of the proceeds of any purchase hereunder, the ownership of the Receivables or the Collections or any other investigation, litigation or proceeding relating to the Seller in which Credit becomes involved due to the transactions contemplated hereby or thereby;
- (xiii) any products liability or similar claim arising out of or in connection with merchandise, insurance or services that are the subject of the contract related to any Receivable;
- (xiv) any inability to litigate any claim against any Customer in respect of any Receivable as a result of such Customer being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;
- (xv) any action or omission by Seller which reduces or impairs the rights of Credit with respect to any Receivable or the value of any such Receivable; or
- (xvi) any attempt by any Person to void any purchase hereunder under statutory provisions or common law or equitable action.

(c) If Credit or any other Person shall act as Agent pursuant to Section 6.2 hereof and the Agency Agreement, Credit agrees to pay Seller upon demand any and all amounts necessary to indemnify it and save it harmless from and against any and all damages, losses, claims, liabilities or expenses (including reasonable attorneys fees and disbursements) awarded against or incurred by it arising out of or as a result of Credit or such other Person acting as Agent, including but not limited to the following:

- (i) Seller's reliance on any representation made by or on behalf of Credit or such other Person, as Agent, in any report from Credit or such other Person, as Agent, or in any other information delivered

by Credit or such other Person, as Agent, pursuant hereto, which shall have been false or incorrect in any material respect when made or deemed made;

- (ii) the failure by Credit or such other Person, as Agent, to comply with any applicable law, rule or regulation with respect to any of the receivables, or the nonconformity of any of the Receivables with any such applicable law, rule or regulation as a result of any action or inaction of Credit or such other Person, as Agent;
- (iii) any failure by Credit, as Agent, to timely deliver to any successor Agent the books, records, documents or other information which may be required to be delivered pursuant to Section 3.5 of the Agency Agreement; or
- (iv) any failure by Credit or such other Person, as Agent, to be duly qualified to do business, and to be in good standing, in every jurisdiction where such qualification was required for the enforcement of any Receivable against the applicable Customer.

(d) Seller shall not be liable for any loss suffered by Credit that is due solely to the financial inability or bad faith failure of any Customer to pay at maturity any amounts due and payable in respect of a Receivable.

8.2 Potential Liabilities. Each party hereto will use its best efforts to identify situations involving possible liability or obligations under this Article VIII (other than Section 8.1(b) hereof) and to determine the amount of any such liability or obligations, and, upon having notice of such situations, it will promptly advise the other party thereof.

8.3 Cooperation in Litigation. Each party hereto agrees to reasonably assist, at the request of the other party, in any action, suit or proceeding brought by or against either party by a third party relating to any of the transactions contemplated by this Agreement and the Agency Agreement, or to the collection of any Outstanding Receivables; provided that, Seller shall reimburse Credit for reasonable expenses (including attorney's fees) if any, incurred by Credit in connection with rendering such assistance. If (a) Seller shall have acknowledged that it is liable for any judgment or expenses in any action, suit or proceeding pursuant to Section 8.1 hereof, and (b) in the sole discretion of Credit, Seller has the financial ability to satisfy such judgment or expenses, then Seller shall have the right, on behalf of Credit, but at Seller's expense, to defend such action, suit or proceeding with counsel selected by it and reasonably acceptable to Credit; provided, however, that no such action shall be settled or compromised without the prior consent of Credit, which consent will not be unreasonably withheld.

IX MISCELLANEOUS

9.1 Amendments, Waivers, Consents, Acknowledgements Etc.

9.1.1 Amendments, Waivers. No amendment or waiver of any provision of this Agreement or the Agency Agreement, nor consent to any departure by either party herefrom or therefrom, shall in any event be effective unless the same be in writing and signed by the other party hereto, then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Notwithstanding the foregoing, so long as any Receivables are the subject of the Receivables Purchase Agreement, no amendment or waiver of any of the provisions of this Agreement nor any consent to any departure by Seller herefrom shall be effective without the prior written consent of the Majority Purchasers (as such term is defined in the Receivables Purchase Agreement).

9.1.2 Acknowledgement of Security Interest. Seller (a) acknowledges that the Receivables Purchase Agreement is effective to create in favor of the Administrative Agent for the benefit of the Conduit Purchasers and the Committed Purchasers a security interest in the Receivables and the Collections with respect thereto transferred pursuant to this Agreement, and (b) acknowledges and consents to Credit's assignment to the Administrative Agent for the benefit of the Conduit Purchasers and the Committed Purchasers of all of its right, title and interest in and to this Agreement and the Agency Agreement to the Administrative Agent for the benefit of the Conduit Purchasers and the Committed Purchasers, and agrees that such Persons shall thereupon acquire and succeed to the rights of Credit under this Agreement and the Agency Agreement and shall be permitted to exercise all rights and remedies of Credit hereunder and thereunder (including, without limitation, (i) the right of Credit, at any time, to enforce this Agreement and the Agency Agreement against Seller and Agent, and (ii) the right, at any time, to give or withhold consents, requests, notices, directions, approvals, demands, extensions, waivers under or with respect to this Agreement or the Agency Agreement or the obligations of Seller and Agent hereunder and thereunder to the same extent as Credit may do); provided, however, that Credit shall nonetheless be permitted to give all consents, requests, notices, directions, approvals, extensions or waivers, if any, which are required or permitted to be given in the normal course of business by the specific terms of this Agreement and the Agency Agreement, to the extent permitted under the Receivables Purchase Agreement.

9.1.3 Consent to Disclosure. Seller consents to the disclosure of any nonpublic information with respect to it by Credit, the Servicer, the Conduit Purchasers, the Committed Purchasers, the Funding Agents and the Administrative Agent (i) to each other, (ii) to any prospective or actual assignee or participant of any of them, (iii) to any rating agency, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to any of the Conduit Purchasers, (iv) to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, and (v) to any Person pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law). Anything herein to the contrary notwithstanding, each of Credit and Seller and any successor or assign of any of the foregoing (and each employee, representative or other agent of any of the foregoing) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that

are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is hereby confirmed that each of the foregoing have been so authorized since the commencement of discussions regarding the transactions.

9.1.4 AEP Credit. Seller acknowledges that the parties to the Receivables Purchase Agreement are entering into the transactions contemplated by the Receivables Purchase Agreement in reliance upon Credit's identity as a legal entity that is separate from Seller and any affiliates thereof, and covenants and agrees that it will take all reasonable steps including, without limitation, all steps that Credit, the Administrative Agent or any Funding Agent may from time to time reasonably request to maintain Credit's identity as a separate legal entity and to make it manifest to third parties that Credit is an entity with assets and liabilities distinct from those of Seller and any affiliates thereof and not just a division of Seller. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller covenants and agrees that it (i) will not hold itself out to third parties as liable for the debts of Credit nor purport to own the Receivables and other assets acquired by Credit pursuant to this Agreement, (ii) will take all other actions necessary on its part to ensure that Credit is at all times in compliance with the covenants set forth in Section 6.6 of the Receivables Purchase Agreement, and (iii) will cause all tax liabilities arising in connection with the transactions contemplated in this Agreement and the Agency Agreement or otherwise to be allocated between Seller and Credit on an arm's-length basis and in a manner consistent with the procedures set forth in U.S. Treasury Regulations §§1.1502-33(d) and 1.1552-1.

9.2 Notices, Etc. All notices and other communications required or permitted hereunder shall, unless otherwise stated herein, be in writing and mailed or delivered, as to each party hereto, at such party's address specified below:

(a) If to Credit:

By courier or telecopy:

AEP Credit, Inc.
Treasury Department
1616 Woodall Rodgers Freeway
Dallas, Texas 75202
Fax: (214) 777-1223

By Mail:

AEP Credit, Inc.
Treasury Department
P. O. Box 660164
Dallas, Texas 75266-0164

(b) If to Seller:

Notice Address

Southwestern Electric Power Company
Finance Department
1 Riverside Plaza
Columbus, OH 43215

Fax: (614) 716-2807

Location of Books & Records

Southwestern Electric Power Company
2 West Second Street
Tulsa, OK 74103-3101

or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and communications shall be deemed to have been duly given when delivered to the addressees at the appropriate addresses specified above.

9.3 No Waiver; Remedies. No failure on the part of either party hereto to exercise, and no delay in exercising, any right hereunder or under the Agency Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or under the Agency Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided herein or in the Agency Agreement are cumulative and not exclusive of any remedies provided by law.

9.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Credit and Seller, and their respective successors and assigns, except that the Seller may not assign its rights or obligations hereunder without the prior written consent of Credit. Credit may assign its rights or obligations hereunder in connection with any financing transaction relating to the Receivables without the consent of Seller.

9.5 Costs, Expenses and Taxes. In addition to the rights of indemnification granted to Credit under Article VIII hereof, Seller agrees to pay on demand all reasonable costs and expenses, if any (including reasonable attorneys fees and expenses), in connection with the negotiation, review, preparation, amendment, enforcement and release of this Agreement, the Agency Agreement, and the other documents and instruments to be delivered by it hereunder and thereunder. In addition, Seller agrees to pay any and all stamp and other taxes (other than income taxes) and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the Agency Agreement, or such other documents and instruments to be delivered by it hereunder or under the Agency Agreement, and the assignment of Receivables hereunder, and agrees to save Credit harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

9.6 Operating Expense Payment. In addition to the costs, expenses and taxes specified in Section 9.5 hereof, Seller shall pay Credit for incidental operating expenses associated with the general operations of Credit and permitted to be included in the discount factor of Receivables purchased hereunder pursuant to the SEC Order (as defined below), including, without limitation, consolidated tax savings, line of credit fees, franchise taxes and other expenses of like character, but excluding, in any event, charges or expenses representing charge offs or carrying costs with respect to Receivables purchased hereunder. The amount of such operating expenses for any month shall be calculated by Credit, and communicated to Seller, no later than the twentieth working day of the following month along with appropriate supporting documentation, with the amount thereof paid either in cash or netted against the Purchase Price on the following fifth business day of the calendar month. The "**SEC Order**" shall mean the order of the Securities and Exchange Commission dated March 11, 1997 (Release No. 35-26684), as the same may be supplemented, amended or modified.

9.7 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9.8 Separability Clause. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

9.9 No Petition: Set-Off. Seller hereby irrevocably and unconditionally waives all right of set-off that it may have under contract (including this Agreement), applicable law or otherwise with respect to any property, funds or monies of Credit at any time held by or in the possession of Seller.

9.10 CONTROLLING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EACH OF SELLER AND CREDIT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers hereto duly authorized, as of the date first above written.

AEP CREDIT, INC.

By: Wendy G. Hargus
Name: Wendy G. Hargus
Title: Assistant Treasurer

SOUTHWESTERN ELECTRIC POWER COMPANY

By: Susan Tomasky
Name: Susan Tomasky
Title: Vice President

EXHIBIT A
Page 1 of 2

SALE AND ASSIGNMENT

Date: _____

Subject to and upon the terms and conditions set forth in that certain Third Amended and Restated Purchase Agreement, dated as of [____], 2004 (the "Agreement"), between [Name of Seller] ("Seller") and AEP Credit, Inc. ("Credit"), Seller hereby sells and assigns to Credit, without recourse, for a Purchase Price of \$_____ all right, title and interest in and to Outstanding Receivables (and all Collections relating thereto) with an aggregate Face Amount of \$_____, as more fully described on the attached computer printout, which Outstanding Receivables arose from the sales and delivery of electricity, gas and other related services in the ordinary course of business on or before 12:01 a.m., on the Business Day preceding the date hereof. Capitalized terms used herein shall have the meanings specified in the Agreement. All of the representations and warranties of Seller contained in the Agreement are deemed incorporated herein by reference.

**THIS SALE AND ASSIGNMENT SHALL BE GOVERNED BY AND
CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW
YORK.**

IN WITNESS WHEREOF, Seller has caused this Sale and Assignment to be duly executed and delivered by its duly authorized officer as of the date first above written.

[NAME OF SELLER]

By: _____
Name:
Title:

AEP CREDIT, INC.

By: _____
Name:

Doc #253154.v1 Date: 08/20/2004 10:07 AM

Title:

- * Attach computer printout detailing assigned Outstanding Receivables.

Doc #253154.v1 Date: 08/20/2004 10:07 AM

EXHIBIT A

Page 2 of 2

DAILY CALCULATION OF AMOUNT FACTORED AND PURCHASE PRICE

DATE: _____

	<u>RETAIL</u>	<u>WHOLESALE</u>	<u>TOTAL</u>
<u>AMOUNT FACTORED</u>			
UNBILLED REVENUE			
+ BILLINGS [A]			
- ESTIMATED BILLINGS SOLD [B]			
AMOUNT FACTORED (C)			
<u>DISCOUNT</u>			
CARRYING COST CHARGE *			
+ COLLECTION EXP. CHARGE **			
+ AGENCY FEE COLLECTED ***			
+ /(-) OPERATING EXPENSE PAYMENT ****			
TOTAL DISCOUNT (D)			
PURCHASE PRICE (C-D)			

- * Amount factored multiplied by the carrying cost component which is reset daily according to Exhibit B, Schedule II and adjusted on the fifth business day of each month for Carrying Cost Variance Payment, according to Exhibit F, Schedule I.
- ** Amount factored multiplied by the Collection Experience Component reset monthly according to Exhibit B, Schedule III.
- *** Amount factored multiplied by the percentage set forth in Section 3.3 of the Agency Agreement and subject to renegotiation each calendar year with the new fee to be effective on the first day of January.
- **** Operating Expense Payment (in accordance with Section 9.6) paid on the fifth business day of each month.

Note: The Estimation Correction Amount is (A – B).

Doc #253154.v1 Date: 08/20/2004 10:07 AM

CALCULATION OF TOTAL DISCOUNT FACTOR

CARRYING COST COMPONENT*

+ COLLECTION EXPERIENCE COMPONENT**

+ AGENCY FEE COMPONENT***

TOTAL DISCOUNT FACTOR

* To be reset daily according to Exhibit B, Schedule II.

** To be reset monthly according to Exhibit B, Schedule III. Initially only applies to purchase of retail receivables. Credit retains the right to apply a Collection Experience Component to the purchase of wholesale receivables upon 30 days written notice to Seller.

*** Fee is established pursuant to Section 3.3 of the Agency Agreement and may be reset annually, to be effective on the first day of January.

EXHIBIT B
Schedule II

CALCULATION OF CARRYING COST COMPONENT
RETAIL WHOLESALE

INTEREST COST *
x
DEBT PERCENT
= DEBT COMPONENT (A)
ALLOWED ROCE **
divided by
TAX EFFECT ***
= PRETAX ROCE
x
EQUITY PERCENT
= EQUITY COMPONENT (B)
ANNUAL CAPITAL COSTS (A+B)
divided by
360
= DAILY CAPITAL COST FACTOR
x
AVERAGE DAYS OUTSTANDING ****
= CARRYING COST COMPONENT

* The weighted average daily cost incurred by Credit for borrowings from external sources. This rate is reset daily.

** For retail receivables, the allowed return on common equity established by the applicable jurisdiction (Seller shall deliver to Credit in accordance with Section 5.1(h) or Section 4.16). For wholesale receivables, the ROCE is a weighted average calculated in accordance with SEC order.

*** Pursuant to SEC order, the ROCE is grossed up to produce a return on common stock investment equal to the respective ROCEs. The tax effect shall include the federal statutory rate, franchise and any other taxes incurred by Credit.

**** Average Days Outstanding ("DSO") is calculated as follows at each month-end and becomes effective on the fifth Business Day of the following month:

- A) Receivables Purchased during month / Days in the Month = Average Receivables purchased per Day
- B) Sum of daily receivable balances in month / Days in month = Average Receivables Balance
- C) Average Receivables Balance (B) / Average Receivables purchased per day (A) = Average Days Outstanding

Notes: Average Days Outstanding (C) - Unbilled Allowance (15) = Billed Average Days Outstanding. The DSO for the initial purchase of receivables and for the first month's activity will be a reasonable estimate, mutually agreed upon among Seller and Credit.

CALCULATION OF COLLECTION EXPERIENCE COMPONENT

Rolling 12 Months:	Gross Charge Offs (A)	Recoveries (B)	Net Charge Offs (C)	Retail Receivables Purchased
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
12 Months Total			\$	\$
Plus 90 Day Surcharge (D)			\$	
Adjusted Net Charge Offs				
Divided by: Receivables Purchased in Past 12 Months				
= Collection Experience Factor (E)				

- (A) Total accounts receivable charged off, as recommended on form indicated in Exhibit B to the Agency Agreement.
- (B) Recoveries of accounts previously charged off.
- (C) $A - B = C$
- (D) 90 Day Surcharge is equal to the amount of accounts receivable aged 90 days and over which are in excess of the Allowable Amount for the Seller as set forth on Attachment No. 1 hereto (or such other percentage subject to renegotiation each calendar year with the new percentage to be effective on the first day of January) of the previous month's ending accounts receivable balance.
- (E) Amount (expressed as a percentage) equal to Adjusted Net Charge Offs divided by Total Retail Receivables Purchased in past 12 months.

Note: Collection Experience Component becomes effective on the fifth Business Day of the second succeeding month.

EXHIBIT B
SCHEDULE III
ATTACHMENT NO. 1

Appalachian Power Company	2.00%
Columbus Southern Power Company	5.00%
Indiana Michigan Power Company	1.00%
Kentucky Power Company	2.00%
Kingsport Power Company	1.00%
Ohio Power Company	5.00%
Public Service Company of Oklahoma	1.00%
Southwestern Electric Power Company	1.00%

EXHIBIT C

UNBILLED REVENUE SCHEDULE

<u>Date</u>	<u>Unbilled Revenue</u> (A)	<u>Estimated Billings Sold</u> (B)
-------------	------------------------------------	---

- (A) The daily estimated dollar amount due from all Customers arising from the sale and delivery by Seller to Customer of electricity, gas and other related services for which the Customer has not yet been invoiced.
- (B) The portion of the Face Amount that Credit has previously paid to Seller for estimated Unbilled Receivables in respect of which the Customer has since been rendered an invoice.



ANNUAL FINANCIAL AUDIT

No later than March 31st of each year, Seller will supply to Credit and Credit's independent public accounting firm: (1) a report detailing the outstanding balance of the face value of accounts receivable sold to Credit as of December 31st of the prior year, and (2) copies of the following forms furnished to Credit during the calendar year: Monthly Charge Offs Recommendation and Aging Report (Exhibit B to Agency Agreement) and the Seller Charge Off History prior to initial transaction. The report shall be accompanied by a letter from Seller's independent public accountants to Credit, which (1) describes the auditing procedures performed with respect to the above information, and (2) sets forth their opinion as to fair presentation of the above information supplied to Credit by Seller. Additionally, the report shall include any accounting adjustments that such accountants found, including those that are immaterial.

Alternatively, no later than November 30th of each year, Seller may notify Credit of Seller's election to have Credit's independent public accounting firm prepare the aforesaid report and letter for the succeeding March 31st. Following such election, and as a condition thereof, Seller shall permit representatives of such firm to examine its books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss the same with Seller's officers, employees and auditors, all as such firm shall deem appropriate in connection with preparation of such report and letter. Seller shall reimburse Credit and such firm for all reasonable costs and expenses incurred, but not to exceed \$25,000.00 in the aggregate.

EXHIBIT E

AUTHORIZATION FORM

1. Person(s) authorized to execute Sale and Assignment on behalf of Seller or Credit:

Stephen P. Smith
Stephan T. Haynes
Designees appointed by either Stephen P. Smith or Stephan T. Haynes

2. Person(s) authorized to wire transfer funds to Credit or receive funds from Credit:

Stephan T. Haynes
Jan Soward
Designees appointed by either Stephen P. Smith or Stephan T. Haynes

3. Person(s) authorized to serve as central contact for general business matters in regards to transactions between Seller and Credit:

Accounting Matters: Monica Parker

Credit and Collection Matters: William Crawford

The above authorization can be changed by written notice to Credit by Seller duly executed by the Secretary or any Assistant Secretary of Seller.

EXHIBIT E

AUTHORIZATION FORM

1. Person(s) authorized to execute Sale and Assignment:

Stephen P. Smith
Wendy Hargus

2. Person(s) authorized to wire transfer funds to Credit or receive funds from Credit:

Wendy Hargus, Jan Soward, David Ferguson and delegates

3. Person(s) authorized to serve as central contact for general business matters in regards to transactions between Seller and Credit:

Accounting Matters: Monica Parker
Credit and Collection Matters: William Crawford

The above authorization can be changed by written notice to Credit by Seller duly executed by the Secretary or any Assistant Secretary of Seller.

EXHIBIT F
Schedule I

CARRYING COST VARIANCE PAYMENT COMPUTATION
MONTH OF _____

	<u>Retail</u>	<u>Wholesale</u>	<u>Total</u>
Carrying Cost Revenue (See total of Column A on Exhibit F, Schedule III)			
Carrying Cost Adjustment (See Column B on Exhibit F, Schedule III for detail)			
+ Previous Prepaid Revenues (See Column D on Exhibit F, Schedule III for immediately preceding month plus Column E D on Exhibit F, Schedule III for two months prior)			
- Next Month Revenue (See Column D on Exhibit F, Schedule III for the current month)			
- Second Month Revenue (See Column E on Exhibit F, Schedule III for the current month)			
Carrying Cost Revenue-Recognized			
- Actual Monthly Service Fee (See Exhibit F, Schedule II)			_____
Carrying Cost Variance Payment *			\$ _____

* This amount will be paid by or (to) Credit on the fifth Business Day of the following month.

EXHIBIT F
Schedule II

SERVICE FEES
[CAPITAL COST ADJUSTMENT]
MONTH OF _____

[illegible]

- | | |
|-----|--|
| (A) | Balance of Outstanding Accounts Receivable net of balance of Collection Experience charges |
| (B) | Exhibit B, Schedule II, Daily Capital Cost Factor |
| (C) | Column A times Column B |

EXHIBIT F
Schedule III

PREPAID REVENUE CALCULATION
MONTH OF _____

<u>Date</u>	<u>Carrying Cost Charge</u> (A)	<u>Carrying Cost Adjustment</u> (B)	<u>Recognized Revenue</u> (C)	<u>Next Month Revenue</u> (D)	<u>Second Month Revenue</u> (E)
	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____

- (A) Exhibit B, Schedule I, Carrying Cost Component multiplied by Exhibit A page 2 of 2, Amount Factored.
- (B) Fifth Business Day Carrying Cost Variance Payment of the previous month according to Exhibit F, Schedule I.
- (C) Total Carrying Cost charge multiplied by a prepayment percentage. Prepayment percentage is days remaining in the calendar month divided by Unbilled Average Days Outstanding from Exhibit B, Schedule II.
- (D) Column A minus Column C minus Column E.
- (E) If the Unbilled Average Days Outstanding from Exhibit B, Schedule II is greater than the current month's days remaining in the month plus 30 representing the following month, then the Total Carrying Cost Charge will be multiplied by the number of days difference divided by the Unbilled Average Days Outstanding from Exhibit B, Schedule II.

EXHIBIT G

FORM OF DEPOSITARY ACCOUNT AGREEMENT

[on letterhead of Seller]

August 25, 2004

[DEPOSITARY BANK Address]

RE: Account Number _____

Ladies and Gentlemen:

Reference is hereby made to account numbers listed on Annex A attached hereto (each a "Depository Account") maintained with you in the name of the companies listed on Annex A and listed on the signature page of the Amended and Restated Depository Account Agreement ("Agreement") (each company separately and not jointly referred to as the "Company").

The Company and AEP Credit, Inc. ("Transferor") are party to that certain Third Amended and Restated Purchase Agreement dated as of August 25, 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"). In connection with the Purchase Agreement, the Company hereby transfers all of its right, title and interest in and to, and exclusive ownership and control of, each Depository Account to Transferor. The Company and Transferor hereby request that each Depository Account be retitled in the name of "AEP Credit, Inc. by the Company, as Agent" for the purposes of that certain Second Amended and Restated Receivables Purchase Agreement dated as of August 25, 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement"), among Transferor, American Electric Power Service Corporation, as Servicer, the persons party thereto as conduit purchasers, committed purchasers and funding agents, and Bank One, NA (Main Office Chicago) as administrative agent (the "Administrative Agent"); provided, however, that upon notice from the Transferor and receipt by you of such instruments, certificates, agreements, signature cards and documentation as you reasonably require to effect such a change (collectively, the "Account Records"), you agree to retitle each Depository Account identified in such notice in the name of "AEP Credit, Inc." Transferor hereby grants a security interest in all of its right, title and interest in and to each Depository Account to the Administrative Agent for the benefit of the Purchasers (as defined in the Receivables Purchase Agreement).

The Company and Transferor hereby irrevocably instruct you, and you hereby agree, that from the date hereof, you shall comply with all instructions originated by the Administrative Agent directing disposition of the available funds in each Depository Account as set forth herein without further consent of either the Company or Transferor. The Administrative Agent hereby authorizes you to take instructions from the Company, on behalf of the Administrative Agent, with respect to the funds on deposit in each Depository Account until such time as you receive notice from the Administrative Agent in the form attached hereto as Annex B. Any such notice to be given under this Agreement by the Administrative Agent to you shall be given in writing, delivered in person, sent by recognized national overnight courier or sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to you at:

[Insert Name and Address of Depository Account holder]

with a copy to:

[Insert Name and Address]

You may change your address for notices by written notice to the Administrative Agent, copy to the Company. Following receipt of such notice with respect to any Depository Account and any Account Records you reasonably require: (i) the name of such Depository Account will be changed to Bank One, NA (Main Office Chicago), as administrative agent (or any designee of the Administrative Agent) and the Administrative Agent will have exclusive ownership of and access to such Depository Account, and neither the Company, Transferor nor any of their respective affiliates will have any control of such Depository Account or any access thereto, (ii) you will transfer the available balance on deposit in such Depository Account on each business day to either the Collection Account (as defined in the Receivables Purchase Agreement) which is account number 645-474-388, ABA number 071-000-013 at Bank One, NA (Main Office Chicago) or one of the Concentration Accounts (as defined in the Receivables Purchase Agreement), as directed by the Administrative Agent, (iii) you will not take any direction or instruction with respect to such Depository Account or any monies or funds on deposit therein under any circumstances from the Company, Transferor or any affiliate thereof without the prior written consent of the Administrative Agent, and (iv) copies of all Depository Account statements with respect to such Depository Account which you send to the Company or Transferor will also be sent to the Administrative Agent at the following address:

BANK ONE, NA (MAIN OFFICE CHICAGO)
Asset Backed Finance
Suite IL1-0079, 1-19
1 Bank One Plaza
Chicago, IL 60670-1729
ATTENTION: Leo Loughhead

Moreover, upon such notice, the Administrative Agent will have all rights and remedies given to the Company or Transferor with respect to such Depository Account. The Company agrees, however, to continue to pay all fees and other assessments due thereunder at any time.

You hereby acknowledge that monies deposited in the Depository Accounts are subject to the liens of the Administrative Agent, and will not be subject to deduction, set-off, banker's lien, except that you may debit each Depository Account for any items deposited therein that are returned or otherwise not collected, for reversals or cancellations of wire transfers, payments orders and other electronic funds transfers and for all charges, fees, commissions and expenses incurred by you in providing services hereunder, all in accordance with your customary practices for the charge back of returned items and expenses.

You hereby agree that you are a "bank" within the meaning of Section 9-102 of the Uniform Commercial Code as in effect in the State of Ohio (the "UCC"), that the Depository Account constitutes a "deposit account" within the meaning of Section 9-102 of the UCC and that this Agreement shall constitute an "authenticated record" for purposes of, and the Company and Transferor hereby intend to grant to and confer upon the Administrative Agent "control" of each Depository Account as contemplated in, Section 9-104 (and similar related provisions) of the UCC.

Except with respect to obligations and duties expressly provided in this Agreement, this Agreement shall not impose or create any obligations or duties on you. The Company, the Transferor and the Administrative Agent agree that you are released from any and all liabilities to the Company, the Transferor or the Administrative Agent arising from the terms of this Agreement and your compliance with the terms hereof, except (i) to the extent that such liabilities arise from your gross negligence or willful misconduct, or (ii) to the extent you fail to comply with the Administrative Agent's instructions regarding funds in any Depository Account after receipt of a notice in the form attached hereto as Annex B and otherwise in compliance with this Agreement. In no event shall you be liable to the Company, the Transferor or the Administrative Agent for losses or delays resulting from causes beyond your reasonable control. You shall not be liable for any special, indirect or consequential damages, even if you have been advised of the possibility of these damages. The terms of this paragraph shall survive termination of this Agreement for any reason.

The Company agrees to indemnify you for, and hold you harmless from, all claims, damages, losses, liabilities and expenses, including legal fees and expenses, resulting from or with respect to this Agreement and the administration and maintenance of the Depository Accounts and the services provided hereunder, including, without limitation: (a) any action taken, or not taken, by you in regard thereto in accordance with the terms of this Agreement, (b) the breach of any representation or warranty made by the Company pursuant to this Agreement, (c) any item, including, without limitation, any automated clearinghouse transaction, which is returned for any reason, and any reversals or cancellations of wire transfers, payments orders and other electronic funds transfers, and (d) any failure of the Company to pay any invoice or charge to you for services in respect to this Agreement and the Depository Accounts or any amount owing to you from the Company with respect thereto or to the service provided hereunder.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER WILL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK. The State of Ohio shall be deemed to be your location for purposes of this Agreement and the perfection and priority of the Administrative Agent's security interest in the Depositary Accounts.

This Agreement may be executed in any number of counterparts and all of such counterparts taken together will be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telefacsimile shall constitute delivery of a manually executed counterpart of this Agreement.

This Agreement contains the entire agreement between the parties, and may not be altered, modified, terminated or amended in any respect, nor may any right, power or privilege of any party hereunder be waived or released or discharged, except upon execution by all parties hereto of a written instrument so providing. In the event that any provision in this Agreement is in conflict with, or inconsistent with, any provision of any other agreement between you and the Company with respect to the Depositary Accounts, this Agreement will exclusively govern and control. Each party agrees to take all actions reasonably requested by any other party to carry out the purposes of this Agreement or to preserve and protect the rights of each party hereunder.

You may terminate this Agreement upon thirty (30) days' prior written notice to the Administrative Agent, the Company and the Transferor.

This Agreement amends, restates and supersedes in its entirety the Depositary Account Agreement dated as of August __, 2003 ("Original Agreement") and shall not constitute a novation thereof.

Please indicate your agreement to the terms of this Agreement by signing in the space provided below. This Agreement will become effective immediately upon execution of a counterpart of this Agreement by all parties hereto.

Very truly yours,

Appalachian Power Company
Columbus Southern Power Company
Indiana Michigan Power Company
Kentucky Power Company
Kingsport Power Company
Ohio Power Company
Public Service Company of Oklahoma
Southwestern Electric Power Company

By: _____
Name: _____
Title: _____

AEP CREDIT, INC., Transferor

By: _____
Name: Wendy G. Hargus
Title: Assistant Treasurer

Acknowledged and agreed to this ____ day of August, 2004

[Bank Name]

By: _____
Name: _____
Title: _____

BANK ONE, NA (MAIN OFFICE CHICAGO), as Administrative Agent

By: _____
Name: _____
Title: _____

ANNEX A
DEPOSITARY ACCOUNT LIST

ANNEX B

Schedule G-10
Attachment 1
Page 57 of 68

FORM OF NOTICE

[On letterhead of BANK ONE, NA (MAIN OFFICE CHICAGO)]

[Date]

[Bank Name]

Re: [Company] / AEP Credit, Inc.
Account No[s]. _____

Ladies and Gentlemen:

We hereby notify you that we are exercising our rights pursuant to that certain Amended and Restated Agreement dated as of August 25, 2004, among the companies listed on Annex A attached hereto (each company jointly and not separately referred to as the "Company"), AEP Credit, Inc. ("Transferor"), you and us (the "Agreement"), to have the name of, and to have exclusive control of, the account number(s) identified above pertaining to the Company or Companies identified above (the "Identified Depositary Accounts") maintained with you, transferred to us. The Identified Depositary Accounts will henceforth be zero-balance accounts, and that portion of the funds deposited in the Identified Depositary Accounts that are available for withdrawal should be sent at the end of each day to account number 645-474-388, ABA number 171-000-013 at Bank One, NA (Main Office Chicago). You have further agreed to perform all other services you are performing with respect to the Identified Depositary Accounts on our behalf. In accordance with the terms of the Agreement, you will not hereafter take any direction or instruction with respect to the Identified Depositary Accounts or any monies or funds on deposit therein under any circumstances from the Company or Transferor or any affiliate thereof without our prior written consent.

Please acknowledge your receipt of this notice by executing a copy of this letter and returning it to our attention at the address noted above. We appreciate your cooperation in this matter.

Very truly yours,

BANK ONE, NA (MAIN OFFICE CHICAGO),
as Administrative Agent

By: _____
Name:
Title:

Receipt acknowledged:

[Bank Name]

By: _____
Name:
Title:

EXHIBIT H

FORM OF ANNUAL SELLER'S CERTIFICATE

(To be delivered to Credit pursuant to Section 4.20 of the Amended and Restated Purchase Agreement referred to below)

The undersigned, the Chief Financial Officer of _____ (the "Seller"), pursuant to the Third Amended and Restated Purchase Agreement dated as of [____], 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), between AEP Credit, Inc. ("Credit") and Seller, does hereby certify that:

1. A review of the activities of Seller during the [fiscal quarter ended _____, 200_] [fiscal year ended December 31, [____]], and of its performance under the Agreement has been made under my supervision.
2. To the best of my knowledge, based on such review, Seller has complied with all conditions and covenants under the Agreement throughout such period except as set forth in paragraph 3 below.
3. The following is a description of each default in the compliance of Seller with any covenant or condition under the Agreement known to me during the [fiscal quarter ended _____, 200_] [fiscal year ended December 31, [____]] which sets forth (i) the nature of each such default, and (ii) the current status of each such default: [If applicable, insert "None."]

Capitalized terms used in this Certificate have their respective meanings as set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate this _____ day of _____, 20____.

[NAME OF SELLER], as Seller

By: _____
Name:
Title:

EXHIBIT I-A

DEPOSITARY ACCOUNTS

BANK OF OKLAHOMA ABA #103900036

Southwestern Electric Power Company 208300855

BANK ONE ABA #103000648

Southwestern Electric Power Company 020871061

EXHIBIT I-B

LOCK-BOXES

Name	Address	Box No.
Canton Post Office	2650 Cleveland Avenue, Canton, OH 44701	24422

EXHIBIT I-C

AEP SERVICES ACCOUNT

KEYBANK, NA
Mail Code OH-07-27-0725
127 Public Square, 7th Floor
Cleveland, OH 44114-1306

Account No. 359681150843

EXHIBIT J

FORM OF AEP SERVICES ACCOUNT AGREEMENT

(Attached)

BLOCKED ACCOUNT CONTROL AGREEMENT
("Shifting Control")

AGREEMENT dated as of August 25, 2004, by and among American Electric Power Service Corporation ("Service Co."), Bank One, NA (Main Office Chicago), as Agent (as defined below) and KeyBank, NA ("Depository" or "you").

The parties hereto refer to Account No. 359681150843 maintained with you in the name of Service Co. (the "Account"), into which checks and other methods of payment are deposited for the benefit of Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company (collectively, the "Companies", and each individually, a "Company"), and certain other subsidiaries of American Electric Power Company, Inc. and hereby agree as follows:

1. (a) Service Co., as the Account holder, hereby informs you that pursuant to each of those certain Second Amended and Restated Purchase Agreements, each dated as of July 25, 2003 (as amended, restated or otherwise modified from time to time, collectively, the Purchase Agreements and each individually, a "Purchase Agreement") between each Company, respectively, and AEP Credit, Inc. (the "Seller"), each Company has transferred to the Seller all of such Company's right, title and interest in and to all funds from time to time on deposit in the Account which constitute Collections (as such term is defined in each Purchase Agreement, respectively) of such Company.

(b) Further, pursuant to (i) that certain Second Amended and Restated Receivables Purchase Agreement, dated as of August 25, 2004 (as amended, restated or otherwise modified from time to time, the "RPA"), among Seller, Service Co., as servicer (in such capacity, the "Servicer"), the financial institutions from time to time party thereto, the commercial paper conduits from time to time party thereto, and Bank One, NA (Main Office Chicago) ("Bank One"), as administrative agent for the "Purchasers" thereunder (together with its successors and assigns thereunder, the "Agent"), the Seller has granted to the Agent, for the benefit of the "Purchasers" under the RPA, a security interest in all of Seller's right, title and interest in and to the Collections transferred to Seller under the respective Purchase Agreements, and Service Co. has agreed to execute this letter agreement (this "Agreement") to provide to the Agent, for the benefit of the "Purchasers" under the RPA, control over the Collections of each Company, respectively, from time to time on deposit in the Account, and Service Co., on behalf of the Seller and the Companies, has agreed to execute this Agreement subject to the terms provided herein.

2. (a) In furtherance of its obligations as Servicer under the RPA, Service Co. hereby confers upon the Agent, "control" of the Account with respect to the Collections of the Companies from time to time on deposit therein. You hereby agree to comply with the instructions of the Agent with respect to such Collections as set forth herein and in any Transfer Notice (as hereinafter defined) without further consent from Service Co. or any affiliate thereof.

(b) Prior to the Effective Time (as defined below) Depository shall honor all withdrawal, payment, transfer or other fund disposition or other instructions which Service Co. is entitled to give under the Account Documentation (as hereinafter defined) (collectively, "instructions") received from Service Co. (but not those from the Agent) concerning the Account. On and after the Effective Time (and without the consent of Service Co. or any of its affiliates), Depository shall honor all instructions received from the Agent which delivered the related Shifting Control Notice (as defined below) (but not those from Service Co.) concerning funds on deposit in the Account which constitute Collections of the Company or Companies which are the subject of the related Shifting Control Notice (as such amounts are determined by the Servicer) in each case, at the times, in the amounts and to the account(s), as directed in writing by Bank One. After the Effective Time, Service Co. shall have no right or ability to access or withdraw or transfer funds

from the Account constituting Collections of the Company or Companies which are the subject of the related Shifting Control Notice.

For the purposes hereof, the "Effective Time" shall be the opening of business on the *second* business day next succeeding the business day on which a notice purporting to be signed by the Agent in substantially the same form as Exhibit A, attached hereto, with a copy of this Agreement attached thereto (a "Shifting Control Notice"), is actually received by the individual employee of Depositary to whom the notice is required hereunder to be addressed; provided, however, that if any such notice is so received after 12:00 noon, New York City time, on any business day, the "Effective Time" shall be the opening of business on the *third* business day next succeeding the business day on which such receipt occurs; and, provided further, that a "business day" is any day other than a Saturday, Sunday or other day on which Depositary is or is authorized or required by law to be closed.

3. Notwithstanding the foregoing: (i) all transactions involving or resulting in a transaction involving the Collections of the Companies from time to time on deposit in the Account duly commenced by Depositary or any affiliate prior to the Effective Time and so consummated or processed thereafter shall be deemed not to constitute a violation of this Agreement; and (ii) Depositary and/or any affiliate may (at its discretion and without any obligation to do so) (x) cease honoring Service Co.'s instructions and/or commence honoring solely the Agent's instructions concerning the Collections of the Companies from time to time on deposit in the Account at any time or from time to time after it becomes aware that the Agent has sent to it a Shifting Control Notice but prior to the Effective Time therefor (including without limitation halting, reversing or redirecting any transaction referred to in clause (i) above), or (y) deem a Shifting Control Notice to be received by it for purposes of the foregoing paragraph prior to the specified individual's actual receipt if otherwise actually received by Depositary (or if such Shifting Control Notice contains minor mistakes or other irregularities but otherwise substantially complies with the form attached hereto as Exhibit A or does not attach an appropriate copy of this Agreement), with no liability whatsoever to Service Co. or any other party for doing so.

4. This Agreement supplements, rather than replaces, Depositary's deposit account agreement, terms and conditions and other standard documentation in effect from time to time with respect to the Account or services provided in connection with the Account (the "Account Documentation"), which Account Documentation will continue to apply to the Account and such services, and the respective rights, powers, duties, obligations, liabilities and responsibilities of the parties thereto and hereto, to the extent not expressly conflicting with the provisions of this Agreement (however, in the event of any such conflict, the provisions of this Agreement shall control). Prior to issuing any instructions on or after the Effective Time, the Agent shall provide Depositary with such Account Documentation as Depositary may reasonably request to establish the identity and authority of the individuals issuing instructions on behalf of the Agent. The Agent may request the Depositary to provide other services (such as automatic daily transfers) with respect to the Collections of the Company or Companies from time to time on deposit in the Account on or after the Effective Time; however, if such services are not authorized or otherwise covered under the Account Documentation, Depositary's decision to provide any such services shall be made in its sole discretion (including without limitation being subject to Service Co. and/or the Agent executing such Account Documentation or other documentation as Depositary may require in connection therewith).

5. Depositary agrees not to exercise or claim any right of offset, banker's lien or other like right against the Account for so long as this Agreement is in effect except with respect to (i) returned or charged-back items, (ii) reversals or cancellations of payment orders and other electronic fund transfers, (iii) Depositary's charges, fees and expenses with respect to the Account or the services provided hereunder or (iv) overdrafts in the Account related to the foregoing.

6. Notwithstanding anything to the contrary in this Agreement: (i) Depositary shall have only the duties and responsibilities with respect to the matters set forth herein as is expressly set forth in writing

herein and shall not be deemed to be an agent, bailee or fiduciary for any party hereto; (ii) Depositary shall be fully protected in acting or refraining from acting in good faith without investigation on any notice (including without limitation a Shifting Control Notice), instruction or request purportedly furnished to it by Service Co. or the Agent in accordance with the terms hereof, in which case the parties hereto agree that Depositary has no duty to make any further inquiry whatsoever; (iii) it is hereby acknowledged and agreed that Depositary has no knowledge of (and is not required to know) the terms and provisions of the separate agreement referred to in paragraph 2 above or any other related documentation or whether any actions by the Agent (including without limitation the sending of a Shifting Control Notice), Service Co. or any other person or entity are permitted or a breach thereunder or consistent or inconsistent therewith, (iv) Depositary shall not be liable to any party hereto or any other person for any action or failure to act under or in connection with this Agreement except to the extent such conduct constitutes its own willful misconduct or gross negligence (and to the maximum extent permitted by law, shall under no circumstances be liable for any incidental, indirect, special, consequential or punitive damages); and (v) Depositary shall not be liable for losses or delays caused by force majeure, interruption or malfunction of computer, transmission or communications facilities, labor difficulties, court order or decree, the commencement of bankruptcy or other similar proceedings or other matters beyond Depositary's reasonable control.

7. Service Co. hereby agrees to indemnify, defend and save harmless Depositary against any loss, liability or expense (including reasonable fees and disbursements of counsel who may be an employee of Depositary) (collectively, "Covered Items") incurred in connection with this Agreement or the Account (except to the extent due to Depositary's willful misconduct or negligence) or any interpleader proceeding relating thereto or incurred at Service Co.'s direction or instruction.

8. Depositary may terminate this Agreement (a) in its discretion upon the sending of at least thirty (30) days' advance written notice to the other parties hereto or (b) because of a material breach by Service Co. or the Agent of any of the terms of this Agreement or the Account Documentation, upon the sending of at least five (5) days advance written notice to the other parties hereto. Upon termination by you pursuant to the foregoing sentence, all collected balances in the Account which constitute Collections of the Companies (as set forth in a written request therefor from the Agents) on the date of such termination will be transferred to the Agent. The Agent may terminate this Agreement (i) immediately if you breach this Agreement, or (ii) upon one (1) days prior written notice to you and Service Co. The provisions of paragraphs 6 and 7 above shall survive any such termination.

8. Service Co. shall compensate Depositary for the administration of the Account and services provided hereunder in accordance with Depositary's fee schedules from time to time in effect.

9. This Agreement: (i) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument; (ii) shall become effective when counterparts hereof have been signed and delivered by the parties hereto; and (iii) shall be governed by and construed in accordance with the laws of the State of New York. All parties hereby waive all rights to a trial by jury in any action or proceeding relating to the Account or this Agreement.

10. All notices under this Agreement shall be in writing and sent (including via facsimile transmission) to the parties hereto at their respective addresses or fax numbers set forth below (or to such other address or fax number as any such party shall designate in writing to the other parties from time to time).

11. You hereby agree that you are a "bank" within the meaning of Section 9-102 of the UCC and that the Account constitutes a "deposit account" within the meaning of Section 9-102 of the UCC. This letter agreement shall constitute an "authenticated record" for purposes of Section 9-104 (and similar related provisions) of the UCC.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: _____
Name: Wendy G. Hargus
Title: Assistant Treasurer

Address for
Notices: 1 Riverside Plaza
Columbus, Ohio, USA 43215
Attn: Wendy G. Hargus
Fax No.: 614/716-2807

BANK ONE, NA (MAIN OFFICE CHICAGO), as Agent

By: _____
Name:
Title:

Address for
Notices: Suite IL1-1729, 1-19
1 Bank One Plaza
Chicago, Illinois 60670-1729
Attn: Asset Backed Finance
Fax No.: 312/732-1844

KEYBANK, NA

By: _____
Name: David Puckett, Jr.
Title: Vice President

Address for
Notices: Mail Code: OH-01-27-0725
127 Public Square – 7th Floor
Cleveland, OH 44114-1306
Attn: David Puckett, Jr.
Fax No.: 216/689-4421

*Signature Page to
KeyBank Blocked Account Control Agreement*

ACKNOWLEDGED AND AGREED TO AS OF August 25, 2004:

APPALACHIAN POWER COMPANY
COLUMBUS SOUTHERN POWER COMPANY
INDIANA MICHIGAN POWER COMPANY
KENTUCKY POWER COMPANY
KINGSPORT POWER COMPANY
OHIO POWER COMPANY
PUBLIC SERVICE COMPANY OF OKLAHOMA
SOUTHWESTERN ELECTRIC POWER COMPANY

By: _____
Name: Susan Tomasky
Title: Vice President of each of the
Companies above

AEP CREDIT, INC.

By: _____
Name: Wendy G. Hargus
Title: Assistant Treasurer

*Signature Page to
KeyBank Blocked Account Control Agreement*

EXHIBIT A

[to be placed on Agent letterhead]

BLOCKED ACCOUNT AGREEMENT

SHIFTING CONTROL NOTICE

KeyBank, NA
[Address]
Attention: _____

Re: Blocked Account Control Agreement dated as of [____], 2004 (the "Agreement") by
and among American Electric Power Service Corporation, Bank One, NA (Main Office
Chicago) and KeyBank

Ladies and Gentlemen:

This constitutes a Shifting Control Notice with respect to [____], as referred to in paragraph
2 of the Agreement, a copy of which is attached hereto. Capitalized terms used herein have the meanings set
forth in the Agreement.

We hereby direct you to transfer all funds on deposit in Account No. [____] which constitute
Collections of [____], as determined by the Servicer and which are designated in writing to you by
the undersigned, at the end of each day to the following account: _____.

BANK ONE, NA (MAIN OFFICE CHICAGO), as Agent

By: _____
Signature

Name

Title:

Sponsored by: Renee Hawkins and Michael Baird

Doc #253272.v1

EXECUTION COPY

AMENDMENT NO. 6
TO
FOURTH AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 6 TO FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment") is entered into as of May 22, 2020 by and among AEP CREDIT, INC., a Delaware corporation, as Transferor (the "Transferor"), AMERICAN ELECTRIC POWER SERVICE CORPORATION, a New York corporation, as Servicer (the "Servicer"), the Committed Purchasers signatory hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent (the "Administrative Agent").

PRELIMINARY STATEMENT

A. The parties hereto are parties to that certain Fourth Amended and Restated Receivables Purchase Agreement dated as of June 25, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "RPA"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the RPA.

B. The parties hereto have agreed to amend the RPA subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises set forth above, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment to the RPA. Effective as of the date hereof, subject to the satisfaction of the conditions precedent set forth in Section 2 below, the RPA is hereby amended as set forth in Exhibit A to this Amendment, with text marked in underline indicating additions to the RPA and with text marked in ~~strikethrough~~ indicating deletions to the RPA.

SECTION 2. Condition Precedent. This Amendment shall become effective as of the date first above written upon the receipt by the Administrative Agent of counterparts of this Amendment, duly executed by the parties hereto.

SECTION 3. Covenants, Representations and Warranties of the Transferor and Servicer.

(a) Upon the effectiveness of this Amendment, each of the Transferor and the Servicer hereby reaffirms all covenants, representations and warranties made by it, to the extent the same are not amended hereby, in the RPA and agrees that all such covenants, representations and warranties shall be deemed to have been re-made as of the effective date of this Amendment.

(b) Each of the Transferor and the Servicer hereby represents and warrants (i) that this Amendment constitutes the legal, valid and binding obligation of such Person enforceable against such Person in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general principles of equity which may limit the availability of equitable remedies and (ii) upon the effectiveness of this Amendment, no event shall have occurred and be continuing which constitutes an Amortization Event or an event that with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

SECTION 4. Reference to and Effect on the RPA.

(a) Upon the effectiveness of this Amendment, each reference in the RPA to "this Agreement," "hereunder," "hereof," "herein," "hereby" or words of like import shall mean and be a reference to the RPA as amended hereby, and each reference to the RPA in any other document, instrument or agreement executed and/or delivered in connection with the RPA shall mean and be a reference to the RPA as amended hereby.

(b) Except as specifically amended hereby, the RPA and other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy under the RPA or any of the other Transaction Documents, nor constitute a waiver of any provision contained therein, except as specifically set forth herein.

SECTION 5. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or electronic mail (in ".pdf" or ".tif" format) shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Fees, Costs and Expenses. The Transferor agrees to pay on demand all reasonable fees and out-of-pocket expenses of Morgan, Lewis & Bockius LLP, counsel for the Administrative Agent, the Funding Agents and the Purchasers in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered in connection herewith.

SECTION 8. Headings. Section headings in this Amendment are included herein for convenience or reference only and shall not constitute a part of this Amendment for any other purpose.

SECTION 9. Electronic Signatures. Each party agrees that this Amendment and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Amendment or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Signature Pages Follow

CLOSE

This document is now complete.

DocuSign Envelope ID: C1EF9E1F-857D-4B08-ADC9-A82637904E18

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereto duly authorized as of the date first written above.

AEP CREDIT, INC.,
as Transferor

DocuSigned by:

By: Renee V Hawkins

Name: Renee V Hawkins

Title: Assistant Treasurer

AMERICAN ELECTRIC POWER
SERVICE CORPORATION,
as Servicer

DocuSigned by:

By: Renee V Hawkins

Name: Renee V Hawkins

Title: Assistant Treasurer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent


By: 
Name: Corina Mills
Title: Executive Director

JUPITER SECURITIZATION COMPANY LLC,
as Committed Purchaser


By: JPMorgan Chase Bank, N.A.,
its attorney-in-fact

By: 
Name: Corina Mills
Title: Executive Director

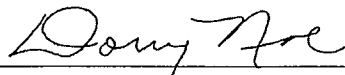
MUFG BANK, LTD.,
as a Committed Purchaser

By: 
Name: Eric Williams
Title: Managing Director


ROYAL BANK OF CANADA,
as a Committed Purchaser

By: 
Name: VERONICA L. GALLAGHER
Title: Authorized Signatory

THE BANK OF NOVA SCOTIA,
as a Committed Purchaser

By: 
Name: Douglas Noe
Title: Managing Director

MIZUHO BANK, LTD.,
as a Committed Purchaser

By: 
Name: Richard A. Burke
Title: Managing Director

TRUIST BANK,
as a Committed Purchaser

By: E-SIGNED by Ileana Chu
on 2020-05-20 20:07:38 GMT
Name: Ileana Chu
Title:

EXHIBIT A

CONFORMED FOURTH AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

Attached

CONFORMED COPY

Amendment No. 1 dated as of October 3, 2014
Amendment No. 2 dated as of June 24, 2015
Amendment No. 3 dated as of June 23, 2016
Amendment No. 4 dated as of June 22, 2017
Amendment No. 5 dated as of July 26, 2018
Amendment No. 6 dated as of May 22, 2020

FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

dated as of June 25, 2014

Among

AEP CREDIT, INC.,
as Transferor,

AMERICAN ELECTRIC POWER SERVICE CORPORATION,
as Servicer,

The Persons Parties hereto as
Conduit Purchasers,
Committed Purchasers
and Funding Agents

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

ARTICLE I PURCHASE ARRANGEMENTS	2
SECTION 1.1 Purchase Facility	2
SECTION 1.2 Incremental Purchases	2
SECTION 1.3 Reductions	3
SECTION 1.4 Payments	4
SECTION 1.5 Commitments	4
SECTION 1.6 Extension of the Commitment Termination Date	4
SECTION 1.7 Non Pro-Rata Increases to the Purchaser Group Limits	6
ARTICLE II COLLECTIONS	7
SECTION 2.1 Collection Account; Subaccounts	7
SECTION 2.2 Collections Prior to Amortization Date	8
SECTION 2.3 Collections Following Amortization Date	9
SECTION 2.4 Maximum Purchaser Interests	11
SECTION 2.5 Clean Up Call	11
SECTION 2.6 Optional Release of Certain Defaulted Receivables	12
ARTICLE III FUNDING COSTS	13
SECTION 3.1 CP Costs and Yield; Monthly Program Fees	13
SECTION 3.2 Tranches; Tranche Periods	13
ARTICLE IV REPRESENTATIONS AND WARRANTIES	14
SECTION 4.1 Representations and Warranties of the Transferor	14
SECTION 4.2 Representations and Warranties of the Servicer	20
ARTICLE V CONDITIONS OF PURCHASES	23
SECTION 5.1 Conditions Precedent to the Effectiveness of this Agreement	23
SECTION 5.2 Conditions Precedent to All Incremental Purchases	24
ARTICLE VI COVENANTS	25
SECTION 6.1 Affirmative Covenants of the Transferor	25
SECTION 6.2 Negative Covenants of the Transferor	32
SECTION 6.3 Protection of Pledged Assets.	35
SECTION 6.4 [Reserved].	36
SECTION 6.5 Other Obligations of the Transferor.	36
SECTION 6.6 Separate Corporate Existence of the Transferor.	36
SECTION 6.7 Affirmative Covenants of the Servicer	37
SECTION 6.8 Negative Covenants of the Servicer	41
ARTICLE VII SERVICER	41
SECTION 7.1 Designation of Servicer	42
SECTION 7.2 Duties of Servicer and the Transferor	42
SECTION 7.3 Records and Reports	43

SECTION 7.4 [Reserved]	44
SECTION 7.5 Calculations	44
SECTION 7.6 Servicing Fees	44
SECTION 7.7 Servicer Defaults	44
SECTION 7.8 Appointment of Successor	46
ARTICLE VIII [RESERVED]	47
ARTICLE IX AMORTIZATION EVENTS	47
SECTION 9.1 Amortization Events	47
SECTION 9.2 Enforcement of First-Tier Agreements	49
ARTICLE X INDEMNIFICATION	49
SECTION 10.1 Transferor Indemnities	49
SECTION 10.2 [Reserved]	52
SECTION 10.3 Servicer Indemnities	52
SECTION 10.4 Increased Cost and Reduced Return	53
SECTION 10.5 Other Costs and Expenses	55
SECTION 10.6 Funding Losses	56
SECTION 10.7 Taxes	57
SECTION 10.8 Funding Source and CP Issuer Indemnities	58
SECTION 10.9 Payment of Indemnity Amounts	59
ARTICLE XI ADMINISTRATIVE AGENT AND FUNDING AGENTS	59
SECTION 11.1 Authorization and Action of Administrative Agent	59
SECTION 11.2 Authorization and Action of Funding Agents	59
SECTION 11.3 Delegation of Duties	60
SECTION 11.4 Exculpatory Provisions	60
SECTION 11.5 Reliance by Agent	61
SECTION 11.6 Non-Reliance on Administrative Agent, Funding Agents and Other Purchasers	61
SECTION 11.7 Reimbursement and Indemnification	61
SECTION 11.8 Individual Capacity of Administrative Agent and each Funding Agent	62
SECTION 11.9 Successor Administrative Agent and Funding Agents	62
ARTICLE XII ASSIGNMENTS and PARTICIPATIONS	63
SECTION 12.1 Binding Effect; Assignability	63
SECTION 12.2 Assignments	64
SECTION 12.3 Participations	65
ARTICLE XIII MISCELLANEOUS	66
SECTION 13.1 Amendments, Waivers and Consents, Etc	66
SECTION 13.2 Notices	67

SECTION 13.3 No Waiver; Remedies; Rights of Purchaser, Etc	67
SECTION 13.4 GOVERNING LAW; WAIVER OF JURY TRIAL	67
SECTION 13.5 Ratable Payments	67
SECTION 13.6 No Proceedings	68
SECTION 13.7 Execution in Counterparts; Severability	68
SECTION 13.8 Liability of the Conduit Purchasers	68
SECTION 13.9 Confidentiality	69
SECTION 13.10 Characterization	69
SECTION 13.11 Integration; Binding Effect; Survival of Terms	70
SECTION 13.12 Amendment and Restatement; Reallocation of Aggregate Capital	71

Exhibits

Exhibit A	Definitions
Exhibit B	Form of Purchase Notice
Exhibit C	Credit and Collection Procedures
Exhibit D	Form of Annual Transferor's Certificate
Exhibit E	Form of Annual Servicer's Certificate
Exhibit F	Form of Reduction Notice
Exhibit G	[Reserved]
Exhibit H-1	Form of Weekly Report
Exhibit H-2	Form of Daily Report
Exhibit I	Form of Monthly Report
Exhibit J	[Reserved]
Exhibit K	Form of Assignment Agreement
Exhibit L	Form of Concentration Account Agreement
Exhibit M	Form of Joinder Agreement
Exhibit N	Form of Subordinated Note
Exhibit O	Form of P.O. Box Transfer Notice
Exhibit P	Form of Reassignment

Schedules

Schedule 1	Purchaser Group Information
Schedule 2-A	Account Information
Schedule 2-B	Lock-Boxes
Schedule 3	Former Legal Names and Trade Names of Transferor
Schedule 4	Closing Documents
Schedule 5	AEP Holidays
Schedule 6	Indebtedness of Sellers
Schedule 7	Sellers, Purchase Agreements and Agency Agreements
Schedule 8	CP Rate Calculation
Schedule 9	Permitted Assignees
Schedule 10	Notice Information
Schedule 11	[Reserved]
Schedule 12	Sub-Agents

AEP CREDIT, INC.

FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This Fourth Amended and Restated Receivables Purchase Agreement dated as of June 25, 2014, is among AEP Credit, Inc., a Delaware corporation (the “Transferor”), American Electric Power Service Corporation, a New York corporation, as initial Servicer (in such capacity, the “Servicer”), the several commercial paper conduits identified on Schedule 1 and their respective permitted successors and assigns, the several financial institutions identified on Schedule 1 as “Committed Purchasers” and their respective permitted successors and assigns, the funding agent set forth opposite the name of each Conduit Purchaser and Committed Purchaser in the related Purchaser Group on Schedule 1 and its permitted successors and assigns, and JPMorgan Chase Bank, N.A., as administrative agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the “Administrative Agent”). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit A.

PRELIMINARY STATEMENTS

WHEREAS the parties hereto are parties to that certain Third Amended and Restated Receivables Purchase Agreement dated as of July 23, 2010 (as amended heretofore, the “Existing RPA”);

WHEREAS the parties hereto have, on the terms and conditions set forth herein, agreed to amend and restate the Existing RPA in its entirety;

WHEREAS, the Transferor desires to transfer and assign Purchaser Interests to the Purchasers from time to time;

WHEREAS, subject to the terms and conditions of this Agreement, the Conduit Purchasers may, in their sole discretion, purchase Purchaser Interests from the Transferor from time to time;

WHEREAS, in the event that any Conduit Purchaser in a Purchaser Group declines to make any purchase, the Committed Purchasers in such Purchaser Group shall, at the request of Transferor, purchase Purchaser Interests from time to time; and

WHEREAS, JPMorgan Chase Bank, N.A., has been requested and is willing to act as Administrative Agent on behalf of the Conduit Purchasers and the Committed Purchasers in accordance with the terms hereof;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
PURCHASE ARRANGEMENTS

SECTION 1.1 Purchase Facility.

Upon the terms and subject to the conditions hereof, Transferor may, at its option, sell and assign Purchaser Interests to the Administrative Agent for the benefit of the Purchasers at any time on and after the date hereof until the Amortization Date. In accordance with the terms and conditions set forth herein, (i) the Funding Agent on behalf each Committed Purchaser in a Balance Sheet Purchaser Group shall purchase in accordance with their respective Committed Purchaser Percentages and (ii) each Conduit Purchaser in a CP Funding Purchaser Group that is not a Committed Purchaser may, in its sole discretion, instruct its related Funding Agent to purchase on its behalf, or, if any such Conduit Purchaser shall decline to so purchase, its related Funding Agent, on behalf of each Committed Purchaser in the related Purchaser Group, shall purchase in accordance with their respective Committed Purchaser Percentages, such Purchaser Interest through the Administrative Agent of the related Purchaser Group's Funding Percentage of the amount of the Capital of such Purchaser Interest; provided, that in no event shall (i) the Aggregate Capital exceed the Purchase Limit, (ii) the aggregate Capital of the Purchasers in any Purchaser Group exceed the applicable Purchaser Group Limit or (iii) the Capital of any Committed Purchaser exceed the amount of its Commitment.

SECTION 1.2 Incremental Purchases.

(a) Transferor shall provide the Administrative Agent and each Funding Agent with prior notice in a form set forth as Exhibit B of each Incremental Purchase (a "Purchase Notice") no later than 3:00 p.m. (New York time) on the Business Day prior to the date of such Incremental Purchase. Each Purchase Notice shall be subject to Section 5.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof) and date of purchase and, in the case of an Incremental Purchase to be funded by the Committed Purchasers, the requested Discount Rate and Tranche Period. Each Purchaser Group shall fund each Incremental Purchase *pro rata* based on the respective Funding Percentage of such Purchaser Group. The Conduit Purchasers of each CP Funding Purchaser Group may, in their discretion, fund the Purchaser Group's Funding Percentage of such Incremental Purchase (such amount of the Incremental Purchase allocated to such Purchaser Group being referred to as the "Funding Amount") and the Funding Agent of each CP Funding Purchaser Group shall allocate the portions of the Funding Amount, if any, to be funded by each such Conduit Purchaser in its sole discretion. The Committed Purchasers in each Balance Sheet Funding Group shall fund the related Funding Amount *pro rata* based on their respective Committed Purchaser Percentages and, in the event that all of the Conduit Purchasers of any CP Funding Purchaser Group elect not to fund the Funding Amount, then the Committed Purchasers in such CP Funding Purchaser Group shall fund such Funding Amount *pro rata* based on their respective Committed Purchaser Percentages; provided that no Committed Purchaser shall be required to fund any portion of an Incremental Purchase if, after giving effect thereto, the aggregate Capital of the Purchaser Interests of the Purchasers in its Purchaser Group would exceed the amount of the Commitments of the Committed Purchasers in its Purchaser Group. Each applicable Purchaser shall transfer

the portion of such Incremental Purchase to be funded by it in immediately available funds to the account and on the date of Incremental Purchase specified in the related Purchase Notice.

(b) The obligations of the Committed Purchasers to fund Incremental Purchases are several and not joint, and the failure of any Committed Purchaser to fund its Committed Purchaser Percentage of any Funding Amount shall not relieve any other Committed Purchaser of its obligation, if any, hereunder to fund an amount equal to its Committed Purchaser Percentage of such Funding Amount, but no Committed Purchaser shall be responsible for the failure of any other Committed Purchaser to fund its Committed Purchaser Percentage of such Funding Amount.

(c) Notwithstanding the forgoing, no Incremental Purchases shall be made by any Purchaser if a Terminating Amount exists with respect to any Purchaser Group.

SECTION 1.3 Reductions.

(a) Transferor shall provide the Administrative Agent and each Funding Agent with prior written notice in the form of Exhibit F hereto (a “Reduction Notice”) in conformity with the Required Notice Period of any proposed reduction of Aggregate Capital (the “Aggregate Reduction”) from Collections. Such Reduction Notice shall designate (i) the date upon which any such reduction of Aggregate Capital shall occur (which date shall be a Business Day), and (ii) the amount of the Aggregate Reduction which shall be paid to the Funding Agents of the Purchaser Groups in accordance with the Pro Rata Share of each such Purchaser Group. Each Funding Agent shall distribute such amount to the Purchasers in its Purchaser Group in accordance with each Purchaser’s Purchaser Share or in such other proportions acceptable to the Purchasers in such Purchaser Group. If the Purchaser Interests of the Purchasers exceed in the aggregate 100% on any Capital Payment Date, the Aggregate Reduction shall not be less than the amount such that after giving effect to such Aggregate Reduction the aggregate of the Purchaser Interests equals or is less than 100%.

(b) In addition to any reduction to be made pursuant to Section 1.3(a), on any Capital Payment Date prior to the Amortization Date on which any Terminating Amount remains outstanding, such Terminating Amount shall be reduced by applying Collections retained by the Transferor pursuant to Section 2.2(a) in an amount equal to the lesser of the aggregate outstanding Terminating Amounts and the aggregate Terminating Share of all Purchaser Groups of all Collections received by the Transferor since the immediately preceding Capital Payment Date (less any amounts described in clauses (i) or (iii) of Section 2.2(a)). Any such payments of any Terminating Amounts shall be allocated to each applicable Purchaser Group pro rata based on the aggregate Terminating Amounts of all Purchaser Groups and Transferor shall distribute such amounts to the Funding Agent of each applicable Purchaser Group. Each Funding Agent shall distribute such amount to the Purchasers in its Purchaser Group in such portions as it deems appropriate.

(c) In the event that the amounts retained by the Transferor pursuant to Section 2.2(a) to be distributed on any Capital Payment Date are less than the sum of (A) the amount to be distributed pursuant to Section 1.3(b), and (B) the amount of any Aggregate

Reduction on such Capital Payment Date pursuant to Section 1.3(a), such amounts shall be applied to the reduction of the Terminating Amounts and to the reduction of the Aggregate Capital pursuant to Section 1.3(a) on a pro rata basis.

SECTION 1.4 Payments. All amounts to be paid or deposited by the Transferor pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (Chicago time) on the day when due in immediately available funds, and if not received before 11:00 a.m. (Chicago time) shall be deemed to be received on the next succeeding Business Day. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

SECTION 1.5 Commitments. Transferor shall have the right upon not less than three (3) Business Days' prior written notice to the Administrative Agent to permanently reduce the Aggregate Commitment, provided, that (a) each partial reduction of the Aggregate Commitment shall be in an integral multiple of \$5,000,000, (b) no reduction shall be made on any date if, after giving effect to such reduction, the Purchase Limit will be reduced to an amount less than the Aggregate Capital on such date and (c) each such reduction shall, other than in connection with a reduction made pursuant to Section 1.6 (d) or (e), (i) reduce the Commitments of all Committed Purchasers in a Purchaser Group pro rata based on the Funding Percentage of such Purchaser Group, (ii) reduce the Commitment of each Committed Purchaser pro rata based on the amounts of such commitments and (iii) reduce the Commitment of each Committed Purchaser pro rata based on the Commitment Percentage of such Committed Purchaser. Each such written notice shall be irrevocable.

SECTION 1.6 Extension of the Commitment Termination Dates.

(a) Transferor may, by notice to a Funding Agent (which shall promptly notify the Committed Purchasers in their respective Purchaser Groups) not less than 60 days and not more than 90 days prior to the applicable Commitment Termination Date for such Purchaser Group (as to each Purchaser Group, the "Existing Commitment Termination Date"), request that the related Committed Purchasers extend such Commitment Termination Date. A Committed Purchaser, acting in its sole discretion, shall, by notice to its related Funding Agent given on or before the date that is 30 days prior to such Existing Commitment Termination Date, advise such Funding Agent whether or not such Committed Purchaser agrees to such extension; provided, however that failure to give any notice by any Committed Purchaser shall constitute rejection thereof by such Committed Purchaser. Such Funding Agent shall notify Transferor, the Servicer, the Administrative Agent and each other Funding Agent of each Committed Purchaser which has elected not to extend (each, a "Non-extending Committed Purchaser") not later than the 25th day preceding such Existing Commitment Termination Date; provided, however that no failure to give any such notice shall constitute acceptance of any Committed Purchaser of any such extension. The election of any Committed Purchaser to agree to such extension shall not obligate any other Committed Purchaser to so agree.

(b) Each Conduit Purchaser shall have the right on any Existing Commitment Termination Date to replace any Committed Purchaser in its Purchaser Group with, and otherwise add to this Agreement, one or more other Committed Purchasers (each, an “Additional Committed Purchaser”) with the approval of the related Funding Agent and, if such Additional Committed Purchaser is not a Permitted Assignee, Transferor, each of which Additional Committed Purchasers shall have entered into an Assignment Agreement pursuant to which such Additional Committed Purchaser shall, effective as of such Existing Commitment Termination Date, undertake a commitment to make Incremental Purchases (and, if any such Additional Committed Purchaser is already a Committed Purchaser of such Purchaser Group, its Commitment shall be increased by such Non-extending Committed Purchaser’s Commitment hereunder on such date). The right of any Conduit Purchaser to replace any such Committed Purchaser with an Additional Committed Purchaser shall be subject to the conditions that the Additional Committed Purchaser shall satisfy the applicable Ratings Requirement.

(c) If Transferor requests pursuant to Section 1.6(a) that any Commitment Termination Date be extended and the applicable Committed Purchaser either has agreed to extend or has been replaced with an Additional Committed Purchaser pursuant to Section 1.6(b), then, effective as of the related Existing Commitment Termination Date, such Existing Commitment Termination Date shall be extended to the date agreed upon by the related Committed Purchasers, and each Additional Committed Purchaser shall thereupon become a “Committed Purchaser” of such Purchaser Group for all purposes of this Agreement.

(d) If at least one, but less than all, of the Committed Purchasers in a Purchaser Group agrees to extend any Commitment Termination Date, but the Non-extending Committed Purchasers in such Purchaser Group have not been replaced with an Additional Committed Purchaser, then Transferor may, at its option, elect to reduce the aggregate amount of the Commitments of the Committed Purchasers in such Purchaser Group to an amount equal to the aggregate amount of the Commitments of such extending Committed Purchasers; provided that Transferor has delivered written notice of such election no less than 10 days prior to the Commitment Termination Date to the Funding Agent for such Purchaser Group, the Administrative Agent and the Servicer. If Transferor so elects and delivers the required notice in accordance with the immediately preceding sentence, then, effective as of such Existing Commitment Termination Date, such Commitment Termination Date shall be extended with respect to all related Committed Purchasers (other than Non-extending Committed Purchasers) to the date agreed upon by such Committed Purchasers.

(e) If none of the Committed Purchasers in a Purchaser Group agree to extend a Commitment Termination Date and they have not been replaced with one or more Additional Committed Purchasers, but at least one Committed Purchaser in another Purchaser Group having the same Commitment Termination Date has agreed to extend such Commitment Termination Date, then Transferor may, at its option, elect to reduce the aggregate amount of the Commitments of the Committed Purchasers in the Purchaser Groups without at least one extending Committed Purchaser to zero and reduce the aggregate amount of the Commitments of the Committed Purchasers in the Purchaser Groups for which one but less than all of the Committed Purchasers have agreed to extend to an amount equal to the aggregate amount of the Commitments of such extending Committed Purchasers; provided that Transferor has delivered

written notice of such election no less than 10 days prior to the Existing Commitment Termination Date to the Funding Agents, the Administrative Agent and the Servicer. If Transferor so elects and delivers the required notice in accordance with the immediately preceding sentence, then, effective as of such Existing Commitment Termination Date, such Commitment Termination Date shall be extended with respect to all Committed Purchasers (other than Non-extending Committed Purchasers) to the date agreed upon by such Committed Purchasers.

(f) Notwithstanding the foregoing, in the event that any Committed Purchaser shall have declined to extend any Existing Commitment Termination Date requested by the Transferor in accordance with Section 1.6(a), the Transferor shall have the right, at its own expense, upon notice to such Committed Purchaser, to require each Purchaser and the Funding Agent in such Committed Purchaser's Purchaser Group to transfer and assign pursuant to an Assignment Agreement (in accordance with and subject to the restrictions contained in this Section 1.6(f)) all such Person's interests, rights and obligations under this Agreement to another financial institution (or, in the case of any Conduit Purchaser, to any issuer of commercial paper notes) identified by the Transferor and, unless the Administrative Agent also acts as the Funding Agent for such Committed Purchaser, approved by the Administrative Agent (which approval shall not be unreasonably withheld), which assignee shall assume such obligations of each such Purchaser for consideration equal to the outstanding amount of the Capital of such Purchaser's Purchaser Interests, plus all CP Costs, Yield and fees accrued hereunder to the date of such transfer and all other amounts payable hereunder to such Purchasers on or prior to the date of such transfer; provided that (i) no Amortization Event shall have occurred and be continuing, and (ii) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority.

(g) Even if a Commitment Termination Date is extended as aforesaid with respect to one or more Purchaser Groups, the commitment of each Non-extending Committed Purchaser to purchase Purchaser Interests shall, subject to paragraph (a) above, terminate or be reduced to the amount of its then applicable Commitment on the Commitment Termination Date.

SECTION 1.7 Non Pro-Rata Increases to the Purchaser Group Limits.

Notwithstanding the provisions of Section 13.1, Transferor may elect from time to time, other than in connection with an assignment pursuant to Section 1.6(f), to increase the Commitments of the Committed Purchasers in one or more Purchaser Groups, provided that (i) such increase has been approved in writing by the Funding Agent and each Purchaser in the Purchaser Group whose Purchaser Group Limit is being increased, (ii) such increase shall be in an integral multiple of \$1,000,000 for each affected Purchaser Group and shall increase the Commitment of each affected Purchaser pro rata based on the amount of such Commitments, and (iii) before and after giving effect to such increase, no Amortization Event shall have occurred and be continuing. On the effective date of each such increase, the Purchasers in each Purchaser Group shall make or accept such assignments of Capital of Purchaser Interests hereunder as may be necessary in order to ensure that, by the close of business (New York time) on such date, the outstanding Capital of the Purchaser Interests held by the Purchasers in each Purchaser Group shall equal such Purchaser Group's Pro Rata Share of the Aggregate Capital then outstanding. Transferor shall provide each Funding Agent with written notice of any increase to be made

pursuant to this Section 1.7 by no later than the fifth Business Day prior to the effective date thereof, which notice shall, in each case (x) be accompanied by an amended Schedule I reflecting the relevant changes in the Commitments, (y) specify the new Purchase Limit and (z) specify the amount of Capital to be assigned or accepted by each Purchaser Group on the effective date of such increase.

ARTICLE II COLLECTIONS

SECTION 2.1 Collection Account; Subaccounts.

(a) The Transferor has established and shall maintain a Qualified Account at the Administrative Agent in the name of the Transferor (the “Collection Account”) to be used from and after the delivery of a Control Notice as set forth in Section 6.1(l)(iv). If the Collection Account at any time ceases to be a Qualified Account then, within ten (10) Business Days of Transferor’s, or the Servicer’s knowledge thereof, Transferor or the Servicer shall establish a new Collection Account meeting the conditions specified above, transfer any monies, documents, instruments, investment property, certificates of deposit and other property to such new Collection Account and from the date such new Collection Account is established, it shall be the Collection Account; provided, however that if any Amortization Event has occurred and is continuing, such new Collection Account shall only be established with the consent or at the direction of the Administrative Agent. The Collection Account shall be under the dominion and control of the Administrative Agent, subject to the powers of the Servicer described herein. Except as expressly provided in this Agreement, the Servicer agrees that it shall have no right of setoff or banker’s lien against, and no right to otherwise deduct from, any funds held in the Collection Account for any amount owed to it by Transferor, any Seller, the Administrative Agent, the Funding Agents or any Purchaser. The Servicer shall have the power, revocable by the Administrative Agent at the direction of the Majority Purchasers, to make withdrawals and payments from the Collection Account for the purposes of carrying out the Servicer’s duties hereunder. At the written direction of the Servicer, funds on deposit in the Collection Account (including the sub-accounts thereto) shall be invested in Eligible Investments selected by the Servicer. Absent written direction of the Servicer, funds on deposit in the Collection Account shall be invested in Eligible Investments described in clause (b) of the definition thereof with maturities of one (1) day. All such Eligible Investments shall be made in the name of the Administrative Agent and held by the Administrative Agent for the benefit of the Purchasers. Neither the Administrative Agent nor the Servicer shall bear any responsibility or liability for any losses resulting from investment or reinvestment of any funds in accordance with this Section 2.1(a) or for the selection of Eligible Investments in accordance with the provisions of this Agreement. If at any time the Transferor or Servicer shall determine that any amount on deposit in the Collection Account does not constitute Collections or the proceeds thereof, the Transferor or the Servicer shall (or request that the Administrative Agent) withdraw such amounts from the Collection Account and pay such amounts to the Person that the Transferor or the Servicer determines is the Person entitled thereto within one (1) Business Day of the identification thereof.

(b) The Transferor has established and shall maintain two subaccounts of the Collection Account: a subaccount for the allocation of Collections to be applied to pay CP Costs, Yield and other expenses (the “Expense Subaccount”) and a subaccount for the allocation of Collections to be applied to reduce Aggregate Capital (the “Capital Subaccount”). Funds allocated to the Expense Subaccount shall be invested in Eligible Investments selected by the Servicer with maturities no later than the close of business on the Business Day immediately preceding the next Settlement Date. Funds allocated to the Capital Subaccount shall be invested

in Eligible Investments selected by the Servicer with maturities no later than the close of business on the Business Day immediately preceding the next Capital Payment Date.

SECTION 2.2 Collections Prior to Amortization Date.

(a) On each Business Day prior to the Amortization Date on which Collections are received by Transferor in the Concentration Account or in the Collection Account, the Servicer shall determine the amount of such Collections received on such day and shall direct Transferor to retain in the Concentration Account or the Collection Account, as the case may be, for the benefit of the Purchasers from the portion of the Collections that is part of the Purchaser Interests (i) the amount of any reduction to be made pursuant to Section 1.3 on the next Capital Payment Date plus (ii), if any Terminating Amount is outstanding, an amount equal to the lesser of such Terminating Amount and the Terminating Share of all Purchaser Groups of all such Collections (less the amount thereof described in clause (i)) plus (iii) on or prior to the next Settlement Date, any amounts to be paid pursuant to Section 2.2(b) on such Settlement Date; provided, however, that from and after a Control Notice is delivered by the Administrative Agent in respect of the Collections with respect to the Receivables originated by one or more Sellers on deposit in the AEP Services Account or any Depositary Account, if the amount of funds allocated to the Expense Subaccount on such Business Day is less than such Sellers' aggregate Seller Percentages of the Required Daily Amount for such Business Day, the Servicer shall allocate to the Expense Subaccount an amount equal to the lesser of (A) the amount of such deficiency and (B) the amount of Collections with respect to the Receivables originated by such Sellers deposited in the Collection Account on such Business Day that are part of the Purchaser Interests. If the amount of funds allocated to the Expense Subaccount on any Business Day prior to the Amortization Date exceeds such Sellers' aggregate Seller Percentages of the Required Daily Amount for such Business Day, the Servicer shall reallocate from the Expense Subaccount to the Collection Account an amount equal to such excess and such funds shall be treated as Collections for allocation in accordance with the provisions of this Section 2.2(a). Transferor hereby requests and the Purchasers hereby agree to make, simultaneously with the receipt of Collections by Transferor, a reinvestment (each a "Reinvestment") with the portion of each and every Collection received by Transferor that is part of any Purchaser Interest and that is not retained by the Transferor or allocated to the Expense Subaccount or the Capital Subaccount pursuant to the two preceding sentences, such that after giving effect to such Reinvestment, the amount of Capital of such Purchaser Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Capital immediately prior to such receipt. The Servicer shall determine the amount of Collections received by the Transferor in the Concentration Account or the Collection Account on each Business Day prior to the Amortization Date that is part of the Transferor Interest.

(b) On each Settlement Date prior to the occurrence of the Amortization Date, the Servicer shall direct Transferor to pay the following amounts from Collections that were part of the Purchaser Interests and not subject to a Reinvestment, including any funds allocated to the Expense Subaccount, to be distributed in the following order of priority:

(i) An amount equal to the sum of (A) the Purchaser Monthly Servicing Fee for such Settlement Date plus (B) any Purchaser Monthly Servicing Fee previously accrued and not paid pursuant to this Section 2.2(b)(i) shall be paid to the Servicer;

(ii) For each Agent, an amount equal to the sum of (A) the Purchaser Monthly Agent Fee for such Settlement Date for such Agent plus (B) any Purchaser Monthly Agent Fee previously accrued and not paid to such Agent pursuant to this Section 2.2(b)(ii) shall be paid to such Agent, in each case to the extent not deducted by such Agent from Collections;

(iii) An amount equal to the sum of (A) each Purchaser Group's share of the Interest Amount for such Settlement Date and (B) each Purchaser Group's share of any Additional Interest for such Settlement Date shall be paid to the Funding Agent for such Purchaser Group;

(iv) An amount equal to the Monthly Program Fees for such Settlement Date shall be paid to the Funding Agents on behalf of each Purchaser Group and the Administrative Agent;

(v) An amount equal to the outstanding Indemnity Amounts, if any, shall be paid to the Administrative Agent or the applicable Funding Agents for the benefit of the applicable Indemnified Parties on such Settlement Date; and

(vi) An amount equal to the outstanding Seller Indemnity Amounts, if any, shall be paid to the applicable Seller.

(c) Promptly upon its receipt thereof, each Funding Agent shall distribute all amounts received pursuant to Sections 2.2(b)(iii) through (v) to the applicable Purchasers in its Purchaser Group.

(d) On each Capital Payment Date prior to the occurrence of the Amortization Date, the Transferor shall make any Aggregate Reduction of which it has given notice pursuant to Section 1.3(a).

(e) In addition to any reduction to be made pursuant to Section 1.3(a), on any Capital Payment Date prior to the Amortization Date on which any Terminating Amount remains outstanding, such amount shall be reduced in accordance with Section 1.3(b).

SECTION 2.3 Collections Following Amortization Date.

(a) Prior to the close of business on each Business Day on and after the Amortization Date on which Collections are deposited into the Collection Account, if the amount of funds allocated to the Expense Subaccount on such Business Day is less than the Required Daily Amount for such Business Day, the Servicer shall allocate to the Expense Subaccount an amount equal to the lesser of (A) the amount of such deficiency and (B) the amount of Collections deposited in the Collection Account on such Business Day. If the amount of funds

allocated to the Expense Subaccount on any Business Day exceeds the Required Daily Amount for such Business Day, the Servicer shall reallocate from the Expense Subaccount to the Collection Account an amount equal to such excess and such funds shall be treated as Collections for distribution in accordance with the remaining provisions of this Section 2.3. No Reinvestments shall be made on or after the Amortization Date.

(b) Prior to the close of business on each Business Day on which Collections are deposited into the Collection Account on and after the Amortization Date, the Servicer shall, after the application of funds is made pursuant to Section 2.3(a), allocate to the Capital Subaccount an amount equal to the lesser of (i) the sum of (x) the Aggregate Capital on the immediately preceding Capital Payment Date and (y) an amount equal to all outstanding Indemnity Amounts and Seller Indemnity Amounts, if any, and (ii) the amount of all Collections deposited in the Collection Account on such Business Day (less any amounts thereof allocated to the Expense Subaccount).

(c) On each Capital Payment Date on and after the Amortization Date, the Servicer shall withdraw from the Capital Subaccount an amount equal to the aggregate amount allocated to the Capital Subaccount since the immediately preceding Capital Payment Date and pay such amount to the Funding Agents of the Purchaser Groups ratably in accordance with the Pro Rata Share of each such Purchaser Group. Each Funding Agent shall distribute such amount to the Purchasers in its Purchaser Group in accordance with each Purchaser's Purchaser Share or in such other proportions as are acceptable to the Purchasers in such Purchaser Group.

(d) On each Settlement Date after the Amortization Date, the Servicer shall withdraw the following amounts from the Expense Subaccount to be distributed in the following order of priority:

(i) An amount equal to the sum of (A) the Purchaser Monthly Servicing Fee for such Settlement Date plus (B) any Purchaser Monthly Servicing Fee previously accrued and not paid pursuant to this Section 2.3(d)(i) shall be paid to the Servicer;

(ii) For each Agent, an amount equal to the sum of (A) the Purchaser Monthly Agent Fee for such Settlement Date for such Agent plus (B) any Purchaser Monthly Agent Fee previously accrued and not paid to such Agent pursuant to this Section 2.3(d)(ii) shall be paid to such Agent, in each case to the extent not deducted by such Agent from Collections;

(iii) An amount equal to the sum of (A) each Purchaser Group's share of the Interest Amount for such Settlement Date and (B) each Purchaser Group's share of any Additional Interest for such Settlement Date shall be paid to the Funding Agent for such Purchaser Group; and

(iv) An amount equal to the Monthly Program Fees for such Settlement Date shall be paid to the Funding Agents on behalf of each Purchaser Group and the Administrative Agent.

(e) Promptly upon its receipt thereof, each Funding Agent shall distribute all amounts received pursuant to Sections 2.3(d)(iii) and (iv) to the applicable Purchasers in its Purchaser Group.

(f) On each Business Day from and after the date after the Amortization Date that Aggregate Capital has been reduced to zero and all amounts payable by Transferor hereunder (other than Indemnity Amounts and Seller Indemnity Amounts) have been paid in full, the Servicer shall withdraw from the Capital Subaccount an amount equal to the lesser of (i) the sum of the outstanding Indemnity Amounts and the outstanding Seller Indemnity Amounts, if any, and (ii) the aggregate amount allocated to the Capital Subaccount to be distributed in the following order of priority:

(i) first, to the applicable Funding Agents for the benefit of the applicable Indemnified Parties an amount equal to the outstanding Indemnity Amounts on such date until all Indemnity Amounts are paid in full, and

(ii) second, to each applicable Seller, an amount equal to the outstanding Seller Indemnity Amounts on such date until all Seller Indemnity Amounts are paid in full.

Promptly upon its receipt thereof, each Funding Agent shall distribute all amounts received pursuant to Sections 2.3(f)(i) to the applicable Purchasers in its Purchaser Group.

SECTION 2.4 Maximum Purchaser Interests.

The Transferor shall ensure that the Purchaser Interests of the Purchasers shall at no time exceed in the aggregate 100%. If the aggregate of the Purchaser Interests of the Purchasers exceeds 100%, Transferor shall reduce the Aggregate Capital pursuant to Section 1.3 on the next succeeding Capital Payment Date such that, after giving effect to such payment, the aggregate of the Purchaser Interests equals or is less than 100%.

SECTION 2.5 Clean Up Call.

The Servicer shall have the right, on any Settlement Date following the reduction of the Aggregate Capital to a level that is less than 10.0% of the original Purchase Limit, to purchase from the Purchasers all, but not less than all, of the then outstanding Purchaser Interests. The purchase price in respect thereof shall be an amount equal to the Repurchase Price, payable in immediately available funds. Such purchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser, Funding Agent or the Administrative Agent. The Servicer shall give Transferor, each Funding Agent and the Administrative Agent at least 10 days' prior written notice of the date on which the Servicer intends to purchase the Purchaser Interests. Not later than 11:00 a.m., New York City time, on such day the Servicer shall deposit into (i) the Capital Subaccount in immediately available funds the excess of the principal portion of the Repurchase Price over the amount, if any, on deposit in the Capital Subaccount and (ii) the Expense Subaccount in immediately available funds the excess of the Repurchase Price (other than the portion representing principal) over the amount, if

any, on deposit in the Expense Subaccount. Such purchase option is subject to payment in full of the Repurchase Price. The Repurchase Price shall be distributed as set forth in Section 2.3.

SECTION 2.6 Optional Release of Certain Defaulted Receivables. Subject to the conditions set forth below, from time to time Transferor may sell and assign all of its right, title and interest in and to all or any portion of the Charged-Off Receivables then held by Transferor. On or prior to the fifth (5th) Business Day prior to the date on which the Charged-Off Receivables will be sold by Transferor (the “Sale Date”), Transferor shall give the Administrative Agent written notice that all or the designated portion of the Charged-Off Receivables then held by Transferor are to be sold (the “Designated Charged-Off Receivables”) and the Administrative Agent shall promptly forward a copy of such written notice to each Funding Agent. Any such sale shall be effected as of the opening of business on the applicable Sale Date. Transferor shall be permitted to designate and sell all of its right, title and interest in and to the Designated Charged-Off Receivables only upon satisfaction of the following conditions:

- (i) no Amortization Event or Seller Amortization Event with respect to the Seller which originated such Receivable shall have occurred and be continuing on such Sale Date;
- (ii) on or prior to the Sale Date, Transferor shall have delivered to the Administrative Agent for execution by the Administrative Agent on behalf of the Purchasers (1) a written assignment in substantially the form of Exhibit P (a “Reassignment”) assigning to Transferor all right, title and interest in and to each Purchaser in the Designated Charged-Off Receivables, all Related Security with respect to the Designated Charged-Off Receivables and all proceeds thereof and (2) a computer file or other list of the Designated Charged-Off Receivables; and
- (iii) the agreement pursuant to which the Designated Charged-Off Receivables are being sold by Transferor (1) shall not contain any provision pursuant to which Transferor (w) covenants to take any action other than transferring ownership to the Designated Charged-Off Receivables and all other actions necessary to effect such transfer, (x) agrees to indemnify any party, (y) makes any representation regarding the Designated Charged-Off Receivables (except that they are being sold free and clear of any Adverse Claim created by Transferor) or (z) assumes any payment obligations other than in respect of any breach of the representation described in clause (1)(y) above, and (2) shall contain a provision pursuant to which each party (other than Transferor) to such agreement shall agree that it will not institute against, or join any other Person in instituting against, Transferor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law for one year and a day after the payment in full by Transferor of all indebtedness and other obligations incurred in connection with the financing of the Receivables under this Agreement.

Upon satisfaction of the above conditions on or prior to the Sale Date, the Administrative Agent shall, at the expense of Transferor, execute and deliver the Reassignment to Transferor. In addition, the Administrative Agent shall, at the expense of Transferor, take all other actions reasonably requested by Transferor, including the filing of any UCC-3, necessary to terminate

and release all liens, claims and security interests of the Administrative Agent or the Purchasers in the Designated Charged-Off Receivables, all Related Security with respect to the Designated Charged-Off Receivables and all proceeds thereof created under this Agreement. On the Sale Date, Transferor shall cause the proceeds of the sale of all Designated Charged-Off Receivables on such Sale Date to be deposited into the Concentration Account or from and after the delivery of a Control Notice pursuant to Section 6.1(I)(iv), the Collection Account.

ARTICLE III FUNDING COSTS

SECTION 3.1 CP Costs and Yield; Monthly Program Fees.

(a) On each Settlement Date, Transferor shall pay in accordance with Section 2.2 or Section 2.3 an aggregate amount equal to all accrued and unpaid CP Costs and Yield on all Tranches (the “Interest Amount”). On the Determination Date preceding each Settlement Date, the Servicer shall determine the excess (the “Shortfall”), if any, of (x) the Interest Amount for such Settlement Date over (y) the aggregate amount of funds allocated and available to pay such Interest Amount on such Settlement Date. If the Shortfall with respect to any Settlement Date is greater than zero, then on each subsequent Settlement Date until such Shortfall is fully paid, Transferor shall pay in accordance with Section 2.2 or Section 2.3 an additional amount (“Additional Interest”) equal to the product of (A) a fraction, the *numerator* of which is the actual number of days in the period from and including the preceding Settlement Date to but excluding such subsequent Settlement Date and the *denominator* of which is 360, *multiplied by* (B) the Base Rate plus the Additional Interest Margin *multiplied by* (C) such Shortfall. Notwithstanding anything herein to the contrary, Additional Interest shall be payable or distributed only to the extent permitted by applicable law.

(b) Each Funding Agent shall, on or prior to the first day of each Tranche Period, with respect to each Tranche other than a CP Tranche funded by a Pool Funding Conduit Purchaser, notify the Servicer of the CP Costs or Yield with respect to such Tranche. On the first Business Day of each week, each Pool Funding Conduit Purchaser shall notify the Servicer of the weighted average CP Rate for the previous calendar week for the CP Tranches funded by such Pool Funding Conduit Purchaser. Each Funding Agent shall notify the Servicer no later than three (3) Business Days after the end of each Monthly Period of the CP Costs or Yield to be paid with respect to each Tranche on the immediately succeeding Settlement Date.

(c) On each Settlement Date, Transferor shall pay in accordance with Section 2.2 or Section 2.3 to each Funding Agent, for the benefit of the Purchasers in such Funding Agent’s Purchaser Group, the Facility Fee and the Program Fee as set forth in the Fee Letter.

SECTION 3.2 Tranches; Tranche Periods.

(a) Each Funding Agent, at the instruction of the Purchasers in its Purchaser Group, has the sole discretion to allocate the aggregate Capital of its Purchaser Interests into one or more Tranches; provided that any portion of the aggregate Capital of the Purchaser Interests of any Purchaser Group that is not allocated to a CP Tranche shall be allocated to a Eurodollar

Tranche unless: (i) the applicable Funding Agent has given the Transferor and the Servicer notice that a Committed Purchaser in such Purchaser Group has determined that funding its portion of the Capital of its Purchaser Interests at the Eurodollar Rate would violate any applicable law, rule, regulation or directive of any governmental or regulatory authority, whether or not having the force of law or that deposits of a type and maturity appropriate to match fund its portion of the Capital of its Purchaser Interests at the Eurodollar Rate are not available or the Eurodollar Rate does not accurately reflect the cost of acquiring or maintaining such portion of the Capital of its Purchaser Interests at the Eurodollar Rate; (ii) such Tranche Period is not a period of one month; (iii) the applicable Funding Agent did not receive notice from the applicable Purchasers in its Purchaser Group that such Tranche was to be a Eurodollar Tranche by noon (Chicago time) on the third Business Day preceding the first day of such Tranche Period; or (iv) the amount of such Tranche is less than \$2,000,000; in any of which events such Tranche shall be a Base Rate Tranche.

(b) Each Funding Agent, after consultation with Transferor, shall select the duration of the Tranche Period related to each Eurodollar Tranche and CP Tranche with respect to a Match Funding Conduit Purchaser. In selecting such Tranche Period, each Funding Agent shall use reasonable efforts, taking into consideration market conditions, to accommodate the Transferor's preferences; provided, however, that each Funding Agent shall have the ultimate authority to make all such selections of any such Tranche Period.

(c) Upon the occurrence and during the continuance of any Amortization Event, or at any time after the Amortization Date, the duration of any Tranche Period that commences on or after such date shall be of such duration as shall be selected by each Funding Agent. In addition, if at any time and for any reason a Conduit Purchaser ceases to fund a CP Tranche prior to the end of its applicable Tranche Period through the issuance of Commercial Paper (either by such Conduit Purchaser or its related CP Issuer, if any), the applicable Funding Agent, may, upon notice to the Servicer and Transferor, terminate any Tranche Period then in effect for any CP Tranche (it being understood that, upon such termination, the portion of the Capital of its Purchaser Interests allocated to such CP Tranche shall be reallocated to a Eurodollar Tranche or a Base Rate Tranche as provided in clause (a) of this Section 3.2).

ARTICLE IV REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties of the Transferor.

The Transferor hereby represents and warrants to the Administrative Agent, the Funding Agents and the Purchasers, as of the date hereof, as of the date of each Incremental Purchase and as of the date of each Reinvestment:

(a) Organization and Good Standing. The Transferor is a corporation duly formed and validly existing in good standing under the laws of the State of Delaware and has full power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(b) Due Qualification. The Transferor is duly qualified to do business, is in good standing as a foreign corporation and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals.

(c) Power and Authority; Due Authorization. The Transferor (i) has all necessary power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (ii) has duly authorized by all necessary action the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party. Each Transaction Document to which the Transferor is a party has been duly executed and delivered by the Transferor.

(d) Binding Obligations. This Agreement (i) is effective to create a security interest (as defined in the UCC) in all of the Transferor's right, title and interest in, to and under the Receivables, Related Security with respect thereto and Collections to the extent that the Receivables, Related Security with respect thereto and Collections constitute property a security interest in which may be created under Article 9 of the UCC, free and clear of any Lien (other than Permitted Liens) to the Administrative Agent for the benefit of the relevant Purchaser or Purchasers, which is enforceable with respect to the existing Receivables owned by the Transferor and the proceeds thereof upon execution and delivery of this Agreement and which will be enforceable with respect to the Receivables hereafter acquired by Transferor and the proceeds thereof upon such acquisition by Transferor and (ii) constitutes, and each other Transaction Document to which the Transferor is a party when duly executed and delivered will constitute, a legal, valid and binding obligation of the Transferor, enforceable against the Transferor in accordance with its terms, except (A) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (B) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to be signed by the Transferor, and the fulfillment of the terms hereof and thereof, will not (i) conflict with or violate its certificate or articles of incorporation or by-laws, (ii) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under any indenture, loan agreement, mortgage, deed of trust, or other agreement or instrument to which the Transferor is a party or by which it or any of its respective properties is bound, (iii) result in the creation or imposition of any Lien (other than Permitted Liens) on any of the Receivables, the Related Security with respect thereto or Collections or (iv) conflict with or violate any federal, state, local or foreign law or any decision, decree, order, rule or regulation applicable to the Transferor or its properties, or of any Governmental Authority having jurisdiction over the Transferor, and no transaction contemplated by any Transaction Document requires compliance with any bulk sales act or similar law.

(f) Litigation and Other Proceedings. (i) There is no action, suit, proceeding or investigation pending or, to the best knowledge of the Transferor, threatened, against the Transferor or any of its property before any Governmental Authority and (ii) the Transferor is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority which, in either case, could reasonably be expected to have a Material Adverse Effect with respect to the Transferor.

(g) Governmental Approvals. All authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority (including, without limitation, the Securities and Exchange Commission) that are required to be obtained by the Transferor (including, without limitation, consents required pursuant to the Public Utility Holding Company Act of 1935) in connection with the due execution, delivery and performance by the Transferor of this Agreement or any other Transaction Document to which it is a party and the consummation by the Transferor of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

(h) Margin Regulations. The Transferor is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System). The Transferor has not taken and will not take any action to cause the use of proceeds of any Purchaser Interests sold hereunder to purchase or carry margin stock or to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Taxes. The Transferor has filed (or there have been filed on its behalf as a member of a consolidated group) all tax returns and reports required by law to have been filed by it and has paid all taxes, assessments and governmental charges thereby shown to be owing by it, other than any such taxes, assessments or charges that are being contested in good faith by appropriate proceedings, for which adequate reserves in accordance with GAAP have been set aside on its books and that have not given rise to any Liens (other than Permitted Liens).

(j) Solvency. After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, the Transferor is solvent and able to pay its debts as they come due and has adequate capital to conduct its business as presently conducted.

(k) Offices; Federal Employer Identification Number. The principal place of business and chief executive office of the Transferor is located at 1 Riverside Plaza; Columbus, Ohio 43215, and the office where the Transferor keeps all of its Records is located at 1616 Woodall Rodgers Freeway, Dallas, Texas 75202-1234. The Transferor's Federal Employer Identification Number is 75-2055555.

(l) Volcker Rule; Investment Company Act; Ohio Public Utility. The Transferor (i) is not a "covered fund" under the Volcker Rule and (ii) is not, and after giving effect to the transactions contemplated hereby, will not be required to register as an "investment company" within the meaning of the Investment Company Act or any successor statute. In

determining that the Transferor is not a “covered fund,” the Transferor is entitled to rely on the exemption from the definition of “investment company” set forth in Section 3(c)(5) of the Investment Company Act. The Transferor is not a corporation which is a public utility or a corporation organized for the purpose of constructing, acquiring, owning or operating a public utility or any part thereof, in whole or in part in the state of Ohio.

(m) Accuracy of Financial Information and Other Information. All balance sheets, all statements of operations and of cash flow and other financial data that have been or shall hereafter be furnished by the Transferor to the Administrative Agent pursuant to Section 6.1 have been prepared in accordance with generally accepted accounting principles (to the extent applicable) and fairly present the financial condition of the Transferor as of the dates thereof. All certificates, reports, statements, documents and other information furnished to the Administrative Agent or any Purchaser by or on behalf of the Transferor pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, shall, at the time the same are so furnished, be true and accurate in every material respect and shall not, at the time the same are so furnished, be otherwise misleading in light of the circumstances under which such information was furnished.

(n) Security Interests. No security agreement, financing statement or equivalent security or lien instrument listing the Transferor as debtor covering all or any part of the Receivables, the Related Security with respect thereto or Collections is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Transferor in favor of the Administrative Agent for the benefit of the Purchasers in connection with this Agreement. This Agreement constitutes a valid and continuing Lien on the Receivables, the Related Security with respect thereto and the Collections to the extent that the Receivables, the Related Security with respect thereto and the Collections constitute property a security interest in which may be created under Article 9 of the UCC, in favor of the Administrative Agent for the benefit of the relevant Purchaser or Purchasers, which Lien will be prior to all other Liens (other than Permitted Liens), will be enforceable as such as against creditors of and purchasers from the Transferor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors’ rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. The Transferor has made all filings and has taken all other action under applicable law in each relevant jurisdiction in order to protect and perfect the security interest in favor of the Administrative Agent for the ratable benefit of the Purchasers in the Receivables, the Related Security with respect thereto and Collections in which a security interest may be perfected by filing UCC financing statements or by the taking of any other action necessary to protect or perfect the security interest of the Administrative Agent for the benefit of the relevant Purchaser or Purchasers hereunder which the Administrative Agent has reasonably requested the Transferor to take.

(o) Quality of Title/Valid Transfers.

(i) Immediately prior to each purchase hereunder, the Receivables, the Related Security with respect thereto and Collections are owned by the Transferor free